

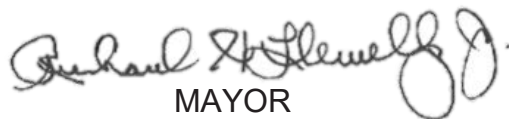
0150-11559-0001

TRANSMITTAL

TO The Council	DATE 08/19/21	COUNCIL FILE NO. 17-1259
FROM The Mayor	COUNCIL DISTRICT All	

**Amendments No. 1 and No. 2 to Contract C-135446
with JP Morgan Chase Bank, N.A. for Merchant Processing Services and
General Banking Services.**

Transmitted for your consideration.
Please see the City Administrative Officer report attached.



MAYOR
Rich Llewellyn for

MWS:AG:09210180

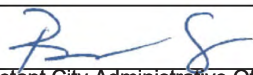
Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 08-19-21	C.D. No. All	CAO File No.: 0150-11559-0001				
Contracting Department/Bureau: Office of Finance		Contact: Saul Romo, (213) 978-1757					
Reference: Transmittal from the Office of Finance dated June 14, 2021.							
Purpose of Contract: Amendments to general banking services contract with JP Morgan Chase Bank, N.A.							
Type of Contract: () New contract (X) Amendments, Contract C-135446		Contract Term Date: April 20, 2020 to April 19, 2025					
Contract/Amendment Amount: Compensation is based on volume and types of services.							
Source of funds: Fund 100, Dept. 39, Account No. 004040 – Bank Service Fees.							
Name and Address of Contractor: J.P. Morgan Chase Bank, N.A. - 300 South Grand Avenue, Los Angeles, CA 90071							
	Yes	No	N/A	Contractor has complied with:	Yes	No	N/A
1. Council has approved the purpose	X			8. Business Inclusion Program	X		
2. Appropriated funds are available	X			9. Equal Benefits & First Source Hiring Ordinances		X	
3. Charter Section 1022 findings completed			X	10. Contractor Responsibility Ordinance			X
4. Proposals have been requested	X			11. Disclosure Ordinances		X	
5. Risk Management review completed	X			12. Bidder Certification CEC Form 50	X		
6. Standard Provisions for City Contracts included	X			13. Prohibited Contributors (Bidders) CEC Form 55	X		
7. Workforce that resides in the City: 0.6%				14. California Iran Contracting Act of 2010	X		

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Authorize the Director of the Office of Finance, or designee, to execute Amendment No. 1 to Contract C-135446 with Paymentech, LLC, a subsidiary of JP Morgan Chase Bank, N.A. to provide merchant processing services, subject to the review of the City Attorney as to form;
2. Authorize the Director of the Office of Finance, or designee, to execute Amendment No. 2 to Contract C-135446 with JP Morgan Chase Bank, N.A. to provide general banking depository services, subject to the review of the City Attorney as to form; and
3. Authorize the Director of the Office of Finance, or designee, to negotiate and enter into a Standby Letter of Credit Facility of up to \$4 million with JP Morgan Chase Bank, N.A. through April 19, 2025 to support the City's Contractor Development and Bonding Assistance Program, subject to the review of the City Attorney as to form.
4. Instruct the Office of Finance to ensure the Contractor submits compliance documents for Equal Benefits and First Source Hiring and Disclosure Ordinances prior to contract execution.

Augusto Gutierrez			
AG	Analyst	0150-11559-0001	Assistant City Administrative Officer

SUMMARY

The Office of Finance (Finance) requests authority to execute Amendments No. 1 and No. 2 to Contract No. C-135446 (Agreement) with JP Morgan Chase Bank, N.A. (JP Morgan) and its subsidiary Paymentech, LLC (Paymentech) to expand the scope of services in the Agreement by adding merchant processing services and general banking depository services (C.F. 17-1259). The term of the Agreement remains unchanged with an expiration date of April 19, 2025.

Amendment No.1 to the Agreement expands the scope of services by adding merchant transaction processing services (i.e., debit and credit card services). Since 2008, the City has processed its merchant activity through the Elavon, Inc. (Elavon) (C-130729). Finance is opting to integrate its merchant processing with Paymentech, also known as Chase Merchant Services, to increase efficiencies that come from having JP Morgan serve as the payment processor and the acquiring bank in credit and debit card transactions. The proposed agreement with JP Morgan also includes a better pricing model.

Amendment No. 2 to the Agreement incorporates depository banking services (i.e., receivables) to JP Morgan's primary scope of services, which currently includes disbursement banking services. Depository services constitutes about half of all transactional activities in the City's general banking, with disbursement services constituting the remaining banking activities. The Agreement currently includes depository services as a secondary scope of work, or as "back up" services, in the event it became necessary for JP Morgan to assume primary responsibility for the depository services. On October 5, 2020, Finance terminated its contract (C-135334) with Bank of America, N.A. (Bank of America) because Bank of America failed to meet critical receivables migration timelines and did not provide satisfactory service levels. Soon thereafter, Finance engaged JP Morgan to begin implementing depository services. Through the proposed second amendment, JP Morgan will replace Bank of America and provide all general banking activities for the City.

Finance also requests authority to enter into a Standby Letter of Credit (LOC) Agreement of up to \$4 million with JP Morgan to support the City's Contractor Development and Bonding Assistance Program (CDBAP). The City Council previously authorized Finance to execute a \$4 million LOC with Bank of America as part of its Depository Services Agreement (C.F. 17-1259). Due to Bank of America's contract termination (C-135334), a successor agreement is required. The \$4 million LOC will be established as part of Amendment No. 2 to Contract C-135446 and will expire on April 19, 2025. Separate LOCs of up to \$250,000 are executed with each contractor enrolled in the CDBAP. The CDBAP qualifies local, small, and emerging (including minority, women, and veteran owned) contractors in obtaining the required bid, performance, and payment bonds necessary to compete for various City construction projects.

As part of the disbursement banking services implementation, Finance is activating JP Morgan's fraud prevention and detection system, called the "Early Warning System" (EWS). The EWS allows the City to evaluate the risk potential for newly registered vendors by screening bank payments from the City to vendors. The process involves screening for previous history of fraud or account abuse, forgery, and counterfeiting or check altering. The EWS verifies the identity of vendors and authenticates account ownership. Currently, the City uses limited fraud detection services when registering new vendors, which only consists of validating account information. The EWS is a subscription-based service estimated to cost \$7,000 annually for vendor payments screening. Finance is also seeking to apply the EWS to the City's payroll payments through the new Human Resources and Payroll project (HRP). The

added cost, while not expected to be significant, is currently unknown and will be determined once HRP launches.

Background

1. General Banking Services

In January 2018, the City released a request for proposals (RFP) for general banking services to identify a new bank and treasury service provider and to establish succession agreements to the existing Wells Fargo Bank, N.A. (Wells Fargo) agreements for banking services (C.F. 14-0806). As a result of this competitive process, the City chose a bifurcated general banking services model with JP Morgan and Bank of America. In April 2020, the City executed an agreement with JP Morgan (C-135446) to provide all disbursement banking services, which includes daily settlement of e-payables, vendor payments, payroll, debt service payments, and the settlement of accounts payables by checks. Concurrently, the City executed an agreement with Bank of America (C-135334) to provide depository banking services, which includes the collection and safekeeping of monies collected by the City through currency (cash and coin), paper disbursements (checks and money orders), electronic funds transfers (Automated Clearing House and wire), and other electronic payment methods (eChecks, debit, and credit card transactions). Depository banking services also includes establishing demand deposit accounts for City departments with various banking services, such as branch deposits, remote deposit capture, lockbox, image cash letter, cash vault, reconciliation, and information reporting services.

On October 5, 2020, Finance terminated its contract with Bank of America because Bank of America failed to meet critical receivables migration timelines and did not provide satisfactory service levels. Subsequently, Finance engaged JP Morgan to implement depository services as the City's Agreement with JP Morgan already included depository services as a secondary scope of work. Furthermore, JP Morgan had obtained the second highest ranking for depository services as part of the RFP process.

2. Merchant Services

Since 2008, the City has processed its merchant activity through the Elavon (C-130729). The City previously piggybacked on the State of California's Department of General Services Master Service Agreement for Electronic Payment Acceptance Services. Under the existing arrangement, the City has no flexibility to modify the terms of the agreement to benefit the City. The proposed agreement between the City and Paymentech, a subsidiary of JP Morgan, will allow for a direct contracting relationship with JP Morgan to leverage pricing on services and equipment based on the City's volume and needs. The proposed agreement with JP Morgan also has a better pricing model that is expected to reduce the City's merchant costs. Additionally, the City has the ability to negotiate favorable risk-mitigating terms, such as insurance requirements, liability, and termination clauses.

The proposed agreement also allows City departments to integrate their respective merchant processing activities with other banking services provided by JP Morgan, such as lockbox services, revenue reporting and reconciliation, billing and settlements, and digital and mobile banking solutions. Having JP Morgan as the payment processor and the acquiring bank in credit and debit card transactions will further streamline the steps toward receiving revenue and minimizing costs.

3. Letter of Credit

The City Charter and State law mandate that the City obtain bid bonds, performance bonds, and payment bonds on public works construction contracts. In recognizing the difficulty of obtaining surety bonds, the City Council established the CDBAP in 2005 to assist small, local contractors, including minority, women, and veteran owned businesses, in obtaining the required bid, performance, and payment bonds to compete for City contracts. The City provides partial bond guarantees for contractors enrolled in the program if it is determined such guarantees are the only way in which a contractor could get surety bonding. The CDBAP is administered by the Risk Management Group in the Office of the City Administrative Officer that partners with a broker/administrator, Merriwether and Williams Insurance Services, Inc. (C-132996), who works with contractors in preparing them to meet bond underwriting requirements (i.e., contractor assessments, Certified Public Accountant prepared financial statements, referrals to qualified financial institutions, etc.), thereby providing surety companies a comfort level allowing them to bond those contractors previously unable to obtain the necessary bonding.

As part of the CDBAP, an LOC was established to cover outstanding bond guarantees. The LOC is drawn by the surety company in the event that a CDBAP contractor defaults. The maximum bond guarantee and LOC limit per contract is \$250,000. As a condition of the surety company receiving a LOC guarantee, the surety company must assign the City first rights of recovery against the contractor's personal and business assets for the full amount of the City guarantee paid to the surety company. If a default occurs, the City, through an indemnification agreement, would immediately proceed to collect the amount of the default from the contractor, or if necessary from the personal assets of the contractor's owners.

The City Council established a special fund called the Insurance Premiums Special Fund, a portion of which is used to pay sureties for contractor bond defaults where the City provided a guarantee under the CDBAP. In connection with the CDBAP, the City Council also established a special fund called the Insurance and Bond Special Fund to immediately reimburse the bank for any draws against the LOC. City departments are required to reimburse this fund within 30 days of the LOC drawdown for any defaults that occur within their department's contracting activities. To my Office's knowledge, there has only been one draw on the LOC in the amount of \$35,000 related to a contractor default since the CDBAP was established.

The LOC fees are made up of two components: 1) transaction fees and 2) an LOC commitment commission. The transaction fees compensate the bank for the cost of issuing the LOC. Transaction fees are the following: Issuance Fee (\$500), Auto Renewal Fee (\$250), and Amendment Fee (\$250). The LOC commitment commission, which equals 0.75 percent per annum, compensates the bank for the credit and capital expense of issuing an LOC. The City is billed quarterly in arrears for LOC fees and payments are made from the City Administrative Officer's budget.

4. Implementation Timeline

Finance's implementation of general banking services with JP Morgan is occurring in two phases. The disbursement services phase has been successfully migrated to JP Morgan. The depository services migration phase is ongoing and expected to be completed by January 2022. Finance, along with JP Morgan, have met with City departments regarding their respective treasury and bank service needs.

As of April 2021, Finance finalized the migration of the Office of the Controller's lockbox receivables operations to JP Morgan.

5. Compensation

Finance does not anticipate requiring additional funds for the implementation and migration of the general banking services to JP Morgan. Finance has previously received one-time funding for one-time implementation costs. JP Morgan has also provided the City with an implementation allowance of up to \$1.5 million, which is a \$1 million increase from the \$500,000 allowance provided as part of the original Agreement. The allowance will be used to offset certain one-time implementation costs, including programming changes, equipment, and depository supplies, and account maintenance costs for accounts opened during the depository implementation period. Finance has until June 30, 2022 to spend the allowance.

Compensation to JP Morgan for merchant transaction processing services and depository services is based on the volume and size type of transactions provided. The rates for services are detailed in the attachments. The depository services fees proposed by JP Morgan are commensurate with, and in certain cases lower than, the fees currently paid to Wells Fargo. Similarly, the merchant services fees proposed by JP Morgan are lower than the fees currently paid to Elavon.

Since the onset of the COVID-19 pandemic, many Departments have changed their banking services to abide by health and safety protocols. Many Departments, for example, have implemented electronic payment methods as an alternative to in-person cash transactions at public counters. While such alternate electronic payment methods are safer and more efficient, they result in increased bank services usage, thereby increasing banking costs. Conversely, fewer in-person cash transactions at public counters has resulted in cost savings in other banking areas, namely merchant processing and courier service charges. At this time, it is difficult to determine the impact of JP Morgan's depository services and merchant services fees schedules because of the recent shift in bank services.

Other cost savings are expected from condensing the number of bank accounts from 700 to 300 accounts, which will result in lower maintenance and reporting costs, and from automating lockbox operations, which will reduce fees associated with manual inputting data by the bank. Another additional costs is the EWS implementation, which will cost an estimated \$7,000 annually. Finance will monitor bank services spending in their Bank Service Fees Account.

6. Compliance Documents

The Department requested a Charter Section 1022 determination from the Personnel Department. Upon review of the request, Personnel determined that the labor component of the contract cannot be reasonably separated from the other contract elements and that a Charter Section 1022 review was not required.

The Los Angeles Administrative Code, Division 10.40.4 exempts from the provisions of the Contractor Responsibility Ordinance (CRO) "banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq." As the City's Treasury function is part of Finance, the proposed contract is exempt from the CRO.

At the time of writing this report, compliance documents for Equal Benefits and First Source Hiring and Disclosure Ordinances were not reflected in the Los Angeles Procurement Opportunity Portal (LAPOP). Finance will ensure all compliance documents are completed and uploaded in LAPOP prior to execution of the contract amendments. JP Morgan has complied with all other applicable City contracting requirements.

FISCAL IMPACT STATEMENT

There is no additional General Fund impact as sufficient funding is provided in the Department's Bank Service Fees Account, No. 004040.

FINANCIAL POLICIES STATEMENT

The actions recommended in this report comply with the City's Financial Policies in that ongoing expenditures will be funded by ongoing revenues.

MWS:AG:09210180

Attachments: Request from the Office of Finance dated June 3, 2021, which incorporates the First Amendment to Contract C-135446, the Second Amendment to Contract No. C-135446, the Corporate Quick Pay Service Terms (Merchant Services), and the Early Warning Integrated Model Service Terms.

DIANA MANGIOGLU
DIRECTOR of FINANCE
CITY TREASURER

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 201 – CITY HALL
LOS ANGELES, CA 90012



(844) 663-4411

ERIC GARCETTI
MAYOR

June 3, 2021

The Honorable Eric Garcetti, Mayor
City Hall Room 303
200 North Spring Street, Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

APPROVAL TO EXECUTE FIRST AND SECOND AMENDMENTS TO CONTRACT C-135446 BETWEEN THE CITY AND JPMORGAN CHASE BANK, N.A., TO PROVIDE GENERAL BANKING DEPOSITORY SERVICES (C.F. 17-1259-S1)

Dear Mayor Garcetti,

In accordance with the Mayor's Executive Directive No. 3, the Office of Finance (Finance) requests approval to execute the attached draft First and Second amendments to contract No. C-135446 between the City and JPMorgan Chase Bank (JPMorgan) to add depository services and transaction processing services into the contract scope of work.

In accordance with Los Angeles Administrative Code Section 10.5(b)(2), City Council approval of the proposed amendment is required because it is anticipated that the actual or estimated annual payments by the City under these amendments exceeds the contract thresholds established by ordinance and because the resulting cumulative period of the contract exceeds three years.

BACKGROUND

Finance released a Request for Proposals (RFP) for general banking services on January 5, 2018 to identify new bank and treasury service providers and to establish succession agreements to the existing Wells Fargo agreements for banking services. JPMorgan and Bank of America were selected as the most qualified bidders to provide general banking services to City departments. On February 18, 2020, the City Council authorized Finance to execute general banking services agreements with JPMorgan for disbursement activities and Bank of America for all depository banking

services. Finance executed its agreement with JPMorgan on April 20, 2020, and Bank of America on March 27, 2020.

Finance immediately engaged with JPMorgan to establish the disbursement services, which includes the processing of City-wide payroll (direct deposit Automated Clearing House and paper warrants) and vendor payments. Finance has been in business development meetings with JPMorgan since January 2020 and has met regularly with staff from all departments with a transactional footprint in the City's disbursement process, which includes the Los Angeles World Airports, Department of Water and Power, Office of the Controller, Harbor Department, and the Information Technology Agency. More than a year later, the planning and implementation process to migrate disbursement services from the Wells Fargo platform to JPMorgan is nearly complete.

Finance also began to engage Bank of America to implement the receivables element of the banking services. During the transition planning process it became evident that Bank of America was not in a position to meet the City's aggressive timeline to implement the receivables solutions needed by the City nor were they able to provide the level of service that they had bid. On October 5, 2020, Finance terminated its agreement with Bank of America.

JPMorgan was identified as the RFP respondent that obtained the second highest ranking for the depository services rankings and was previously approved by Council as the backup provider for those services. As such, Finance began to engage JPMorgan to implement the depository services.

JPMorgan has already presented Finance with a work plan and timeline to implement the depository receivables services and has engaged the following departments in ongoing and aggressive business discovery sessions to identify these departments' treasury and banking needs: Airport, Office of the Controller, Finance, Fire, Harbor, Housing, Library, Recreation and Parks, Transportation, and Water and Power.

SCOPE OF SERVICES

The proposed contract amendments incorporate the following into the overall scope of services that defines the banking relationship between the City and JPMorgan:

Depository Services

The Second Amendment to contract No. C-135446 incorporates depository banking services. It allows for the collection and safekeeping of monies collected by the City through currency (cash and coin), paper disbursements (checks and money orders), electronic funds transfers (Automated Clearing House and wire), and other electronic payment methods (eChecks, debit and credit card transaction). The banking and treasury solutions associated with the depository services also include establishing demand deposit accounts for City departments with some or all of the following banking services: branch deposits, remote deposit capture, lockbox, image cash letter, cash vault, reconciliation, and information reporting services.

The depository services is a significant element of the banking relationship that constitutes about 50% of all transactional activity in the City's banking relationship. These are services used by all City departments.

Early Warning System

As part of the disbursement services to be implemented, the City is activating a new fraud prevention tool, the Early Warning System (EWS). The EWS is a fraud prevention tool implemented by financial institutions to assist in detecting and preventing fraud associated with bank accounts and payment transactions. It allows the City to evaluate the risk potential for new vendors. The EWS is a subscription service that banks use to screen bank payments to new vendors using a set of established criteria to identify potential risks in making payments by the City to vendors. This includes any previous history of fraud or account abuse, forgery, counterfeiting or check altering, verifying identity, and authenticating account ownership.

The City currently uses a very limited fraud detection service when registering new vendors into the City's Financial Management System. The existing authentication process only validates bank account information, but does not authenticate account ownership, nor the potential risks of the new accounts to which City payments are to be made. This service is an industry best practice and is requested by the Office of the Controller.

Merchant Processing

The City intends to activate merchant transaction processing with the First Amendment to the JPMorgan contract No. C-135446. The City currently processes its merchant activity (debit and credit cards) through the Elavon, Inc. platform and has been doing so since 2008. As part of the City's overall revenue receivables platform with JPMorgan, Finance is opting to integrate its merchant processing with JPMorgan as well. Finance intends to use the processing platform of Chase Merchant Services, which is wholly owned by JPMorgan, to provide the City with greater efficiencies and reduced complexity and risk that come from leveraging a comprehensive banking relationship.

Letter of Credit Facility

Finance is requesting the authority to enter into a Letter of Credit Agreement (LOC) with JPMorgan to establish a \$4 million line of credit to support the City's Contractor Development and Bonding Program (BAP).

Council previously granted the City Treasurer the authority to arrange a \$4 million line of credit with a qualified bank for use by the BAP, formerly the Bond Assistance Program (CF 03-0600-S11). In a separate report to Council (C.F. No. 17-1259-S1), Finance requested and was granted the authority to establish this facility with Bank of America. Since Finance terminated its agreement with Bank of America, Finance is now requesting a similar authority to establish an LOC with JPMorgan through April 2025, which corresponds with the terms of the current JPMorgan Agreement. This LOC will be construed as a separate agreement with JPMorgan.

SOCIAL EQUITY PLAN AND SOCIAL INVESTMENTS BY JPMORGAN

The City's agreement with JPMorgan requires that the bank work with the City to establish financial literacy and education programs for City constituents. Finance is working with JPMorgan to roll out these services in partnership with various council offices to support their community-specific financial literacy goals. Additionally as part of Finance's Gender Equity Program, JPMorgan will support the development of a workshop series in partnership with Finance, Economic and Workforce Development and the Bureau of Contract Administration to assist local women entrepreneurs with

access to capital, preparing bids, and training to obtain Minority and Women-owned Business Certifications.

Similarly, Finance has worked to integrate JPMorgan into Finance's Racial Equity Plan efforts. It should be noted that JPMorgan is well positioned to help Finance meet its racial equity vision as they have dedicated local Community Managers who are charged with the responsibility of advancing financial literacy and racial equity.

In 2020, JPMorgan established a \$30 Billion national commitment to advance racial equity. The bank recognizes that structural barriers in the U.S. have created profound racial inequalities, made worse by the COVID-19 pandemic, and that the existing racial wealth gap puts a strain on families' economic mobility and restricts the U.S. economy. JPMorgan will harness its expertise in business, policy and philanthropy and commit \$30 billion over the next five years to drive an inclusive recovery, support employees, and break down barriers of systemic racism through the following efforts:

- Finance additional affordable housing units in underserved communities
- Originate additional home purchase loans for Black and Latinx households
- Help Black and Latinx households achieve lower mortgage payments through refinanced loans
- Provide additional loans to small businesses in majority Black and Latinx communities
- Help people open low-cost checking or savings accounts
- Invest capital and deposits in Black and Latinx-led MDIs and CDFIs

In its RFP response to the City, JPMorgan demonstrated its ability and willingness to contribute to socially responsible programs through its participation in community financial education partnerships, such as the Los Angeles County "Bank On" program, participation in the Los Angeles County Center for Financial Empowerment, and participation as a financial education partner in the City's Summer Nights Live initiative.

Finally, JPMorgan is always open to discussing opportunities to work with the City on financial education programs for small businesses and low and moderate income communities. JPMorgan currently works with the City on the City of Los Angeles Business Source Centers. The Business Source Centers provide technical assistance and microloans to small businesses. The programs are sustained with \$4.5 million dollars of CDBG economic development dollars which are allocated to 9 centers across low-moderate income neighborhoods.

IMPLEMENTATION TIMELINE

Finance has already completed the transition of depository services from Wells Fargo to JPMorgan. Currently, Finance is focused on transitioning the receivables services with JPMorgan's assistance, and has set an aggressive schedule for implementation. City departments' receivables operations have varying degrees of complexity. Finance intakes nearly \$2.4 billion in depository revenue and has a broad footprint on the receivables spectrum. It has large cash collections, high dollar and high volume merchant transactions, accounts for half the City's lockbox operations, and generates approximately \$16 billion in electronic fund transfers annually. Some departments have complex lockbox operations that require programming and file transmission development (Building & Safety, Fire, Harbor, and Housing departments) while others have a large number of accounts that require

migrating to the new JPMorgan platform (Library, Recreation and Parks, Transportation, and Water & Power).

The depository implementation strategy prioritized the aforementioned departments with unique needs and operations as those departments would take the longest to migrate from the Wells Fargo to JPMorgan platform.

The following table illustrates the implementation timeline and milestones for disbursement and depository services with JPMorgan Bank:

Implementation Schedule Chart

TARGET COMPLETION DATE	ACTION ITEM	COMPLETE/IN PROCESS
April 9-11, 2021	Live production cutover for disbursements to JPMorgan	Complete
April 12, 2021	Begin disbursement payments from JPMorgan	Complete
April 23, 2021	Office of the Controller lockbox receivables go live with JPMorgan	Complete
July 2021	Recreation & Parks receivables go live with JPMorgan	In Process
September 2021	Group A departments receivables go live with JPMorgan	In Process
November 2021	Group B departments receivables go live with JPMorgan; Begin Check print outsourcing for Accounts Payable	In Process
August 2021	Group C departments receivables go live with JPMorgan	In Process
November 2021	Group D departments receivables go live with JPMorgan	In Process
October 2021	Office of Finance receivables go live; Begin Merchant Processing crossover	In Process
December 2021	Group E departments receivables go live with JPMorgan	In Process
January 2022	Human Resources Project go live and begin processing electronic payroll payments from JPMorgan	In Process

Group A: Aging, Convention Center, Cultural Affairs, EWDD, Personnel

Group B: Airport, Building & Safety, Fire, Harbor, Housing

Group C: Transportation, Library

Group D: City Attorney, City Clerk, General Services, LACERS, Police, Treasury

Group E: Animal Services, Planning, Public Works, Water & Power, Zoo

The attached amendments to this contract have been reviewed by the Office of the City Attorney.

FISCAL IMPACT

Finance strived to keep any incremental costs for the new banking agreement flat or as low as possible. When determining the amount of service fees the City pays for bank and treasury services, there are four variables that are considered: 1) The cost per unit for each service charge; 2) the volume of the service transactions; 3) the balances maintained on deposit with the bank; and, 4) the Earnings Credit Rate the City earns on its balances on deposit with the bank.

Service Fees

In evaluating the proposal submitted by JPMorgan, the City determined that the associated fees for bank services that JPMorgan was offering were commensurate with the charges currently provided by Wells Fargo Bank, and significantly lower in some service areas. At this juncture, it is difficult to determine the impact of the new service fee structure as the past volumes for transactions and services are expected to change. Many departments have shifted services to more cost efficient product solutions. However, if volumes remained constant, the City would expect limited incremental costs with bank fees based on the JPMorgan model.

Earnings Credit Rate

One element that will impact the costs associated with bank services is the Earnings Credit Rate (ECR). The ECR is a managed rate that is subject to review and change at the bank's discretion and is a daily calculation of interest that is paid to the City on deposits with the bank that is used to offset service fees. The ECR incorporates various variables, including the collected balances on deposit by the City with the bank, the yields on U.S. Treasury securities, and the overall U.S. economic environment.

In fiscal year 2019-20, the City offset approximately \$323,000 in bank service charges using the ECR. The ECR, however, plummeted after the changes in the economic environment in March and April 2020 due to the COVID-19 pandemic. Consequently, Finance significantly reduced its balances on deposit with Wells Fargo Bank and placed its funds in more lucrative investment opportunities. This has resulted in the City receiving a negligible ECR to offset fees since April 2020. Finance assumes that there will not be any significant changes in the economic environment within the next year to positively affect the ECR.

COVID-19 Pandemic

The COVID-19 pandemic has caused a shift in the bank services and volumes used by City departments. With many City public counters closed, and with City staff working remotely, many departments implemented alternate electronic payment methods where the payment for City services could not be performed by cash or in-person transactions. Some departments activated more efficient and risk averse solutions, such as Image Cash letter services and eCheck payments. These services, while more operationally efficient and risk averse, are more costly.

However, the COVID-19 pandemic has allowed for cost savings in certain banking services. With several City services suspended, Finance is experiencing cost savings in merchant processing and courier service charges. As City services begin to resume and these banking services are

re-established, the cost for these services is expected to increase, providing Finance a better model to project ongoing future bank service costs.

New Bank Services

An additional factor that will impact bank service fees and charges will be the implementation of new services. As noted earlier in this report, the City is activating the EWS fraud prevention tool that will be a new service the City is currently not using. The costs associated with implementing this service are expected to be \$7,000 annually based on preliminary volumes of activity.

Account Structure and Lockbox Efficiencies

Finally, another variable that will impact costs is the compression of over 700 bank accounts by nearly 60% to approximately 300 accounts. This reduction in accounts will save the City account maintenance and reporting costs. Additionally, the City is automating lockbox operation features that will result in cost savings by reducing charges associated with manual keying of data by the bank.

Impact to the General Fund

Finance does not anticipate the need for any new funds for the implementation and migration of the disbursement and depository services to JPMorgan. Finance identified costs associated with the implementation project in prior reports. These costs include one-time start-up costs and ongoing costs. One-time costs involve costs associated with programming changes, the purchase of new equipment (e.g. check scanners), and depository supplies (endorsement stamps, deposit bags, straps, check stock). As the City opens new receivables accounts it begins to incur account maintenance fees. However, JPMorgan has provided the City with implementation allowances of up to \$1.5 million that should offset these charges during the migration of services. As part of the original contract, implementation allowances were only limited to \$500,000; therefore the proposed amendment will increase this amount by \$1,000,000 which should provide a significant savings. It is expected that these implementation allowances will offset the startup one-time and maintenance costs for the remainder of this fiscal year and into the following fiscal year while Finance contemporaneously operates two bank platforms during the implementation. At this juncture, Finance does not anticipate a need to increase its appropriation for bank service fees.

Finance will monitor the fiscal impact to the General Fund as the implementation progresses and will report to the Mayor and Council through the annual budget cycle and monthly Financial Status Reports, although not anticipated, any significant changes in expenditures for banking services.

RECOMMENDATIONS

Finance respectfully requests that the Mayor, subject to approval of the City Council:

1. Approve and authorize the Director of Finance, or designee, to execute the attached service agreement amendments to contract C-135446 with JPMorgan to provide general banking depository and transaction processing services; and
2. Approve and authorize the Director of Finance to negotiate and enter into a service agreement with JPMorgan to provide a Letter of Credit Facility up to \$4 million to support the City's Contractor Development and Bonding Program through April, 2025.

Mayor Eric Garcetti
June 3, 2021
Page 8

If you require any further information regarding this request, please contact Nicole Bernson, Assistant Director of Finance, at (213) 978-1774.

Sincerely,

A handwritten signature in black ink, appearing to read 'Diana Mangioglu', written in a cursive style.

Diana Mangioglu

Director of Finance / City Treasurer

Attachments

CC: Jeanne Holm, Office of the Mayor
Matt Hale, Council District 2
Ha To, Office of the City Administrative Officer
Augusto Gutierrez, Office of the City Administrative Officer

FIRST AMENDMENT
TO
PROFESSIONAL SERVICES AGREEMENT
(AGREEMENT NO. C-135446)

This FIRST Amendment (this “**Amendment**”) is entered into by and between Paymentech, LLC, also known as Chase Merchant Services (“**CMS**”), for itself and on behalf of JPMorgan Chase Bank, N.A. a national banking association (“**Contractor**”), and the City of Los Angeles (“**City**”).

RECITALS

WHEREAS, this Amendment amends and modifies that certain Professional Services Agreement, dated on or about April 20, 2020, as may have been amended through the date hereof (the “**Agreement**”), between Contractor and City;

WHEREAS, the parties wish to amend the Agreement for the purpose of specifying terms and conditions relating to Contractor’s provision of transaction processing services through Contractor’s affiliate CMS;

NOW, THEREFORE in consideration of the foregoing, the parties hereby agree to amend the Agreement as follows:

1. TRANSACTION PROCESSING SERVICES. A new Section is hereby added to the Agreement as follows:

Subject to Contractor’s *Account and Service Terms*, Contractor shall provide transaction processing services to the City and its departments as set forth in Appendix B-1 to this Agreement.

2. AMENDMENT. The following sentence is added to the end of Section 8.1.1 of the Agreement:

Contractor shall provide the transaction processing services noted in Appendix B-1 based on the fees in Exhibit A to Appendix B-1 and incorporated into this Agreement and made a part hereof.

3. AMENDMENT. For the sole purposes of the transaction processing services as set forth in Appendix B-1 to this Agreement, Section 8.3 of the Agreement is amended as follows:

8.3.2 – “All relevant support documentation” as used in Section 8.3.2 shall mean the Paymentech Online Internet reporting tool as made available by Contractor.

8.3.3 – Section 8.3.3 is deleted in its entirety.

8.3.5 – The reference to “Appendix C - Schedule of Fees and Charges” is hereby deleted and replaced with “Appendix B-1, Schedule A.”

4. AMENDMENT. The following is added to the end of Section 9.2.A of the Agreement:

For purposes of the transaction processing services noted in Appendix B-1, after termination of this Agreement, the City shall continue to be liable for Chargebacks, Refunds, fees, Card Network Liabilities, credits, and adjustments resulting from or relating to Transactions processed pursuant to this Agreement. If the City submits Transactions to Contractor after the date of termination, Contractor may, but is not required to process such Transactions in accordance with and subject to all of the terms of this Agreement.

5. AMENDMENT. Section 11.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

This Agreement includes thirty three (33) pages and five (5) appendices, which constitute the entire Agreement and understanding of the parties.

6. AMENDMENT. The following is added to the list of Appendices and Exhibits contained in Section 12 of the Agreement:

Appendix B-1 JPMorgan Chase Merchant Processing Service Terms

7. AMENDMENT. A new Section 9.22 is hereby added to the Agreement as follows:

PSC 8 – Suspension.

In addition to the requirements of PSC 8, the following is added to the end of this provision:

For purposes of the transaction processing services noted in Appendix B-1, after suspension of this Agreement by the City, the City shall continue to be liable for Chargebacks, Refunds, fees, Card Network Liabilities, credits, and adjustments resulting from or relating to Transactions processed pursuant to this Agreement prior to such suspension.

8. APPENDIX B-1. Appendix B-1 “JPMORGAN CHASE MERCHANT PROCESSING SERVICE TERMS” is hereby added to the Agreement in the form attached hereto. For the avoidance of doubt, the services provided under Appendix B-1 shall be “general banking and related services” as that is used in Section 3.1 and Appendix B-1 shall be incorporated into the *Account and Service Terms* as defined in the Agreement.
9. AMENDMENT EFFECTIVE DATE. This Amendment is effective as of the date last signed below.
10. MISCELLANEOUS. Capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement. All references to section numbers herein shall refer to the corresponding section of the Agreement. To the extent of any conflict or inconsistency between the terms of this Amendment and the Agreement, this Amendment will control.

(Signature page follows)

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be executed by their respective duly authorized representatives:

THE CITY OF LOS ANGELES
a municipal corporation

By: _____
Name: _____
Title: _____
Date: _____

JPMORGAN CHASE BANK, N.A.
a national banking association, on behalf of itself and
Paymentech, LLC

By: _____
Name: _____
Title: _____
Date: _____

Approved as to Form and Legality:

By: _____
Name: _____
Title: _____
Date: _____

Attest:

By: _____
Name: _____
Title: _____
Date: _____

APPENDIX B-1

JPMORGAN CHASE MERCHANT PROCESSING SERVICE TERMS

U.S. MERCHANT PROCESSING SERVICE TERMS

The authorization, conveyance, settlement and related services provided by the Bank with respect to the Customer's acceptance of Cards as a method of payment for goods and services provided by Customer (the "**Merchant Services**") will be pursuant to these Service Terms. These Service Terms will apply only to the Merchant Services.

Terms used but not otherwise defined in these Service Terms shall have the meanings set forth in the Account Terms. For purposes of these Service Terms, "**Bank**" is deemed to include Paymentech, LLC ("**Paymentech**"), the Bank's affiliate that is primarily responsible for providing the Merchant Services. For avoidance of doubt, these Service Terms shall be deemed to constitute Service Terms, as such term is defined in the Account Terms.

1. General Services.

1.1 Services; Technical Discovery Process.

The Bank will provide the Merchant Services subject to the terms set forth herein. For the avoidance of doubt, the Merchant Services shall be deemed Services within the meaning of the Account Terms, and shall be subject to the Account Terms except as otherwise set forth herein. Except as otherwise agreed in writing between the parties, these Service Terms shall apply only to Customer's Transactions originating in the U.S. The parties acknowledge that the pricing set forth in these Service Terms, and Bank's ability to provide the Merchant Services set forth herein is dependent upon satisfactory completion of a technical discovery process related to Customer's specific technical implementation requirements. In the event that such process reveals any significant costs, expenses, development requirements or technical obstacles not currently known to Bank and which materially impact Bank's ability to implement and provide the Merchant Services for Customer (or the cost to Bank of doing so), the parties agree to discuss such issues in good faith in an attempt to resolve such issues; provided, however, that in the event that such matters cannot be resolved in a manner satisfactory to the parties, either party shall be entitled to terminate the Service Terms with no further obligation hereunder.

1.2 Compliance with Applicable Laws and Card Network Rules.

Bank and Customer agree to perform their respective obligations under these Service Terms in compliance with all applicable Card Network Rules and in compliance with all applicable federal, state and local laws and regulations. Customer shall not, through act or omission, cause Paymentech or the Bank to violate any Card Network Rules. Customer shall not submit any Transaction that it knows to be illegal. Customer acknowledges receipt of the ChaseNet Rules and agrees to abide by the ChaseNet Rules with respect to all Chase Transactions. Bank reserves the right to temporarily suspend funding or refuse to process any Transaction if Bank reasonably suspects that it was prepared in violation of any provision of these Service Terms, applicable law, or the Card Network Rules. Customer agrees to pay any and all fines, fees, penalties, liabilities, charges and other amounts which may be imposed or assessed by the Card Networks on Customer, Paymentech or the Bank as a result of Customer's actions, omissions, Transactions or Chargebacks, including without limitation, Customer's failure to comply with the Card Network Rules, ChaseNet Rules, these Service Terms or Security Standards (the "**Card Network Liabilities**"). Bank shall provide Customer with prompt written notification of any Card Network Liabilities of which it receives notification from the Card Networks. In the event that Customer desires to contest or appeal any such Card Network Liabilities, and such contest or appeal is permitted under the applicable Card Network Rules, Bank shall reasonably assist and cooperate with Customer, and reasonably advocate on Customer's behalf, in connection with such contest or appeal, provided, however, that Customer shall be responsible for the payment of any appeal fees or other direct costs associated therewith.

2. Authorization and Settlement.

2.1 Submission of Data.

Customer shall submit all of its Transactions to Bank electronically in accordance with Bank's standard protocols, specifications, formats and procedures for the creation and transmission of data to Bank. Bank shall not be liable or responsible for (i) the authenticity, or accuracy, of transaction data received from Customer, or (ii) the corruption, loss, alteration, theft, or destruction of Transactions or Transaction data, during transmission of such data to Bank (by Customer or its Service Provider), and Bank shall be entitled to rely on data received from or on behalf of Customer in the discharge of its obligations hereunder.

2.2 Authorizations.

Customer shall obtain an authorization code through Bank for each Transaction and Bank reserves the right to refuse to process any Transaction presented by Customer unless it includes a proper authorization. Customer acknowledges that authorization

of a Transaction does not constitute a representation from Bank, a Card Network, or a card-issuing bank that a particular Transaction is in fact valid or undisputed.

2.3 Customer's Settlement Account.

Customer shall designate and maintain one or more accounts to be used exclusively for business purposes and that are capable of receiving ACH or wire transfers and that permits Bank to debit and credit such account for amounts due under these Service Terms (collectively referred to as "**Settlement Account**"). Customer authorizes Bank or its authorized agent(s) to initiate electronic credit and debit entries (via ACH, wire transfer, or other means) to the Settlement Account, or to any other bank account designated by Customer in writing, at any time and from time to time, for amounts due under these Service Terms, without regard to the source of any monies therein, and this authority will remain in full force and effect until all amounts which are or may reasonably become due from Customer under these Service Terms have been paid in full. During the term of these Service Terms, and for one hundred eighty (180) days thereafter or such longer period of time as Bank may notify Customer as reasonably required for the payments of amounts due under these Service Terms, Customer shall not close or revoke its consent to debit its Settlement Account without giving Bank at least ten (10) business days' prior written notice and designating another Settlement Account. Customer shall be liable for all fees, costs, and overdrafts associated with the Settlement Account.

2.4 Transfer of Settlement Funds.

Bank shall submit Customer's Transactions to the applicable Card Network (or, with respect to Transactions involving Eligible Chase Cards, to Bank for processing as Chase Transactions to the extent Schedule A sets forth pricing specific to Chase Transactions). Promptly after Bank receives funds for Customer's Transactions from the applicable Card Network, Bank will fund the Settlement Account. Transactions received after the established cutoff time will be combined with the next business day's transactions. Bank will not be liable for any delays in receipt of funds or errors in Settlement Account entries caused by third parties, including, without limitation, delays or errors by the Card Networks or Customer's bank. The funds payable to Customer in this Section shall be equal to the total Transaction amounts minus the sum of the following: (a) all fees, charges, and other amounts described on Schedule A or that Customer has otherwise agreed to pay; (b) all Chargebacks and Refunds; (c) any required Reserve Account amounts; (d) any Card Network Liabilities and (e) any and all amounts due and payable by Customer to Bank or any Affiliate of Bank, whether or not Customer or such Affiliate is in default in its obligations to Bank or such Affiliate. Customer agrees that all fees and other amounts are due and payable at the time the Merchant Services are performed or such fees or amounts are incurred. In the event Bank does not deduct any such amounts from Customer's proceeds when such amounts first become due and payable, Bank may collect such amounts in any manner set forth for the collection of amounts due, as set forth in these Service Terms. With respect to certain Card Networks, Bank does not offer settlement of funds, and instead conveys Transactions to the Card Network on Customer's behalf for settlement directly by the Card Network to Customer. With respect to such conveyance services, (i) Bank is not responsible for the funding and settlement of Transactions, which shall be governed by any applicable agreement as may be in place (or required by the Card Network to be in place) directly between Customer and the Card Network, and (ii) Bank may share certain information about Customer with such Card Network (e.g. Customer's name, taxpayer ID, and Settlement Account information) in accordance with their rules or as needed to allow Customer's acceptance of such Card Network's Cards. Furthermore, Customer agrees to reimburse the Bank, Paymentech, the Card Network, and their respective affiliates, officers, directors, employees, agents, and sponsoring banks from any losses, liabilities, and damages of any and every kind (including, without limitation, Bank's costs, expenses, and reasonable attorneys' fees) arising out of any claim, complaint, or Chargeback (w) made or claimed by a Cardholder with respect to any Transaction or Transaction data submitted by Customer; (x) caused by Customer's noncompliance with these Service Terms or the Card Network Rules (including without limitation any breach of a representation or warranty made by Customer or Customer's failure to comply with the Security Standards); (y) resulting from any voluntary or involuntary bankruptcy or insolvency proceeding by or against Customer; or (z) related to Customer's placement or the placement of any person owning or controlling Customer's business in one or more databases of terminated or high risk merchants maintained by the Card Networks. The obligations provided for in this Section shall survive termination of these Service Terms and do not apply to any claim or complaint to the extent they are caused by Bank's own negligence or willful misconduct.

2.5 Collection of Amounts Due.

In addition to any other rights and remedies Bank may have under these Service Terms, Bank may pursue one or more of the following options with respect to amounts due under these Service Terms:

- (a) withhold all or some of Customer's settlement funds (or any other funds that would otherwise be payable by Bank to Customer) and apply them against the amounts due;
- (b) debit the Settlement Account for the amounts due;
- (c) request and receive prompt payment for such amounts; and

- (d) apply funds held in any existing Reserve Account against the amounts due.

2.6 Reserve Account.

If:

- (a) Customer begins accepting payment in advance of the shipment of goods or fulfillment of services, or materially increases the amount of time between Customer's acceptance of payment and the anticipated shipment or delivery of goods or fulfillment of services;
- (b) Customer receives a number of Chargebacks in excess of one percent (1%) of its total number of Transactions over a period of sixty (60) or more consecutive days, or Bank is notified by any Card Network of Customer's inclusion in any chargeback monitoring or similar risk-based program, or of any Card Network Liabilities to be assessed as a result of Customer's Chargebacks;
- (c) Bank has received notification from any Card Network(s) or has otherwise become aware of any material violation of the Card Network Rule(s), causing Bank to believe that it is reasonably likely to be subject to Card Network Liabilities;
- (d) Bank reasonably suspects fraud or other illegal activity;
- (e) either party provides notification of non-renewal or termination of these Service Terms, or these Service Terms are terminated for any reason; or
- (f) required by Bank, and communicated to Customer in writing prior to the execution of these Service Terms, as a condition of Bank's entering into these Service Terms;

then Bank may designate an amount of funds that shall be funded by Customer and maintained by Bank to protect Bank against the reasonably anticipated risk associated with Customer's account (such funds being hereinafter referred to as the "**Reserve Account**"). Any required Reserve Account shall be due upon request, and may be collected by Bank in any manner provided in these Service Terms for the collection of amounts due. The amount of such Reserve Account shall not exceed the sum of (i) one month's average fees including without limitation, processing fees, interchange assessments and third-party fees collected by Bank; plus (ii) one month's average monthly Chargebacks multiplied by six; plus (iii) one month's average monthly Refunds multiplied by two; plus (iv) the aggregate value of Transactions, if any, submitted by Customer to Bank with respect to goods and/or services not yet delivered to Cardholders; plus (v) the amount of any Card Network Liabilities reasonably anticipated by Bank. For purposes of this calculation, each monthly average shall be calculated over the immediately preceding consecutive twelve (12) month period (or, if Bank has not yet been processing for Customer for twelve (12) consecutive months, such shorter period of time as Bank may have been processing for Customer or the parties may otherwise agree). Bank may (but is not required to) apply funds in the Reserve Account toward, and set off any funds that would otherwise be payable by Bank to Customer against, the satisfaction of any amounts due from Customer pursuant to these Service Terms. Funds in the Reserve Account will be held and controlled by Bank, will not bear interest, and may be commingled with other funds, (but will be accounted for separately). Customer shall have no interest in the Reserve Account other than a contingent right to receive funds, as set forth below. Reserve Accounts (and Bank's right to require a Reserve Account after termination of these Service Terms as set forth above) shall survive termination of these Service Terms. Upon satisfaction of all of Customer's reasonably anticipated obligations under these Service Terms and the expiration of the applicable timeframes for Chargebacks (as set by the various Card Networks), Bank will return to Customer any unused funds remaining in the Reserve Account. In addition, upon Customer's request from time to time, but in no event more than once per month, Bank will review the risk associated with Customer's account and as needed adjust the amount currently held in the Reserve Account and return to Customer any funds in the Reserve Account which Bank no longer believes to be reasonably necessary to cover the remaining risk.

3. Reporting.

Bank will provide online access to reporting reflecting the activity of Customer's account(s) and allowing Customer to generate detailed statements of such activity. Customer agrees that it has responsibility to monitor its account activity and that it waives all claims against Bank for any errors that are not reported to Bank within ninety (90) days from the posting of the activity in Customer's online account report.

4. Future Deliverables; Refunds; Chargeback Liability.

4.1 Future Deliverables.

Unless Bank has agreed in writing in advance, Customer shall not submit Transactions to Bank (including in connection with any installment sales or deferred payment plans) until (i) the goods are delivered or shipped or (ii) the services are performed. The foregoing restriction applies to installment sales, deferred payment plans and recurring transactions.

4.2 Refunds.

To the extent required by the Card Network Rules, Customer shall maintain a written policy with regard to Refunds and shall disclose or make available such policy to its customers. Upon request, Customer shall make such policy available to Bank. Customer shall not accept any payment from a Cardholder as consideration for issuing a Refund. Except to the extent permitted by the Card Network Rules or expressly required by applicable law, Customer shall not give cash (or cash equivalent) refunds to a Cardholder in connection with a prior Transaction. Unless otherwise required by the ChaseNet Rules or Card Network Rules, any Refunds shall be prepared and submitted to Bank within three (3) days of Customer's approval of Cardholder's request for such Refund. Customer shall have liability for all Refunds submitted by Customer, its employees, agents or representatives, or by third parties using Customer's identification number without Customer's authorization, except where such third party obtained Customer's identification number as a result of the negligence of Bank.

4.3 Chargeback Liability.

Customer shall have full liability for all Chargebacks assessed to Bank in accordance with the applicable Card Network Rules; provided, however, that in the event that any Chargeback is ultimately reversed in favor of Customer, Bank shall refund Customer for the amount thereof. Customer shall use reasonable efforts to provide Bank with all necessary data relating to the investigation and management of any reasonably suspected fraud or fraudulent Transactions that is reasonably requested by Bank (such data to be used by the Bank and Paymentech for fraud protection and prevention purposes only).

5. Fees; Adjustments.

5.1 Schedule A.

Customer shall pay all fees and amounts (e.g. interchange and assessments) set forth in these Service Terms (including, without limitation, those set forth on Schedule A hereto). Unless otherwise indicated on Schedule A, Customer shall be solely responsible for all communication expenses required to transmit Transactions to Bank. For each file or batch submitted by Customer, Bank will group the Transaction data by Transaction characteristics, including, without limitation, type of Transaction, method of payment, and interchange qualification category. For each such group, Bank will calculate the applicable fees to two decimal places. The fees for each will be rounded to the nearest full cent using conventional mathematical rounding logic for currency.

5.2 Price Adjustments.

- (a) General. Fees set forth in these Service Terms are based upon Customer's annual volume, average Transaction size, as set forth in Schedule A, or in any amendment to these Service Terms, and other information provided by Customer. To the extent any of the foregoing proves to be materially inaccurate, Bank may modify Customer's pricing set forth in these Service Terms upon thirty (30) days' prior written notice; provided, however, that in such event, Customer shall be entitled to terminate these Service Terms by providing Bank with notice of termination no later than one hundred eighty (180) days after Customer's receipt of notification of such increase. In addition, Customer's fees may be adjusted to reflect (i) increases by Card Networks in interchange, assessments, (ii) other Card Network fees, additional fees imposed by the Card Networks, or (iii) increases in third party fees identified in these Service Terms, Schedule A or as otherwise agreed by the parties in writing. Customer shall pay all such fees, as so adjusted. Each such adjustment shall become effective upon the date the corresponding increase or additional fee is implemented by the Card Network or third party provider.
- (b) Chase Transaction Pricing. Bank shall be entitled at any time, upon thirty (30) days' written notice, to modify the pricing applicable to Customer's Chase Transactions; provided, however, that in such event, Customer shall be entitled to discontinue having its Eligible Chase Cards processed as Chase Transactions by providing Bank with notice thereof, in which case all Transactions involving Eligible Chase Cards shall be processed by Bank as normal Visa Transactions, subject to the pricing set forth in Schedule A for Visa Transactions, and subject to normal Visa interchange rates and network fee pass-through. For the purpose of reviewing, evaluating and (if applicable) modifying Customer's Chase Transaction pricing, Customer authorizes Bank to use Customer's non-Chase Transaction processing data and pricing, including, without limitation, the qualification levels and interchange rates applicable to its non-Chase Transactions.

5.3 Custom Interchange Rates.

Customer agrees that Bank will not be responsible for honoring or implementing any custom interchange rate(s) which Customer may have negotiated, or may in the future negotiate, directly with the Card Networks (a "Custom Rate") unless Customer notifies Bank of such rate in writing and Bank agrees in writing to implement such Custom Rate. Customer agrees that implementation of any Custom Rate may require time and development work, and, as a condition of doing so, Bank may require Customer to pay a development fee (to be mutually agreed between the parties). In addition, Customer agrees to notify Bank in

writing of any published tier interchange rates and/or any industry-specific interchange programs (such as those for the utility and debt repayment industries) in which Customer believes it is eligible to participate, and Bank shall not be responsible for implementing any such rates or programs unless it has been so notified by Customer.

6. Termination.

6.1 Events of Default.

In the event that either party fails in any material respect to comply with any provision, term, warranty, condition, covenant, or agreement contained in these Service Terms, including, without limitation, the Card Network Rules and Security Standards, or any representation in these Service Terms is or was false or incorrect in any material respect when made (any such event, an "**Event of Default**"), and such party fails to cure such Event of Default within thirty (30) days of its receipt of written notification from the non-defaulting party specifying such Event of Default, then the non-defaulting party shall be entitled to terminate these Service Terms upon written notice of termination; provided, however, that no cure period shall be allowed, and Bank shall be entitled to terminate these Service Terms immediately, in the event that Customer fails in any material respect to perform any of its obligations with respect to the funding or establishing of a Reserve Account, as detailed in Section 0 above.

6.2 Other Termination Events.

In addition, Bank shall be entitled to terminate these Service Terms immediately upon written notice to Customer in the event of any of the following:

- (a) Customer is placed in any Chargeback monitoring or similar risk-based program designated by any Card Network for merchants with high levels of Chargebacks or presenting high levels of risk, and are not removed from such program by the applicable Card Network within ninety (90) days;
- (b) Bank reasonably determines Customer, based on its financial statements, payment record with creditors, and other relevant factors, to be financially insecure and unlikely to be able to meet its obligations under these Service Terms;
- (c) any Card Network: (i) notifies the Bank or Paymentech that it is no longer willing to accept Customer's Transactions; (ii) requires the Bank or Paymentech to terminate or limit these Service Terms or Customer's ability to accept Cards; or (iii) imposes unduly burdensome, costly or impractical conditions or requirements relating to Customer or Customer's transactions;
- (d) a party or any individual entity or organization holding any material ownership interest in such party or any officer or director of such party, is determined at any time to be an individual, entity, or organization (i) with whom the other parties are prohibited from dealing by any United States law, regulation or executive order, including names appearing on the U.S. Department of Treasury's Office of Foreign Asset Control's Specially Designated Nationals and Blocked Persons List, or (ii) that is listed in one or more databases of terminated or high risk merchants maintained by the Card Networks;
- (e) Customer (i) ceases to exist (other than as a result of a permitted assignment or sale by such party) or to conduct its normal and customary business operations, or (ii) is convicted of or pleads no contest to a felony charge;
- (f) Bank reasonably believes that Customer (i) is involved in a material violation of applicable law or other domestic or foreign law or regulation; (ii) has or is engaged in bribery, fraud, money laundering or corruption; or (iii) has otherwise become the subject of public disrepute, contempt, or scandal that Bank reasonably determines may cause a material adverse impact on the reputation and goodwill of the Bank, Paymentech, or any Card Network, regardless of whether such controversy relates to these Service Terms;
- (g) Customer is in material breach or default of any term, condition, covenant, representation, or warranty contained in any credit facility, loan document or other agreement between Customer and the Bank or any Affiliate of the Bank (and such breach is not cured in any applicable cure period provided in such document);
- (h) Customer does not transmit Transactions to Bank for a period of more than one hundred eighty (180) consecutive days; or
- (i) Customer issues Bearer Shares or Customer is a Bearer Share Company.

6.3 Budget Appropriations.

Upon thirty (30) days written notice, Customer, if it is a government entity, may terminate these Service Terms in the event that funds are not appropriated/allocated by Customer for the expenses associated with credit card processing for any fiscal year. However, Customer will continue to be responsible for any liabilities, commitments or obligations arising from payment transactions processed pursuant to these Service Terms prior to the effective date of termination.

6.4 Account Activity After Termination.

After termination of these Service Terms, Customer shall continue to be liable for Chargebacks, Refunds, fees, Card Network Liabilities, credits, and adjustments resulting from or relating to Transactions processed pursuant to these Service Terms. If Customer submits Transactions to Bank after the date of termination, Bank may, but is not required to process such Transactions in accordance with and subject to all of the terms of these Service Terms.

7. Indemnification.

7.1 Bank.

Bank agrees to indemnify and hold harmless Customer and its Affiliates, officers, directors, employees, and agents from any losses, liabilities, and damages of any and every kind (including, without limitation, Customer's costs, expenses, and reasonable attorneys' fees) arising out of any third party claim or complaint relating to: (a) Bank's noncompliance with Card Network Rules, the Security Standards; (b) a Data Compromise Event of Bank or its service providers; (c) any voluntary or involuntary bankruptcy or insolvency proceeding by or against Bank; or, (d) Bank's violation of applicable federal, state or local laws and regulations. This indemnification does not apply to any claim or complaint to the extent caused by Customer's own negligence, recklessness or willful misconduct. The indemnification provided under this Section shall survive termination and is subject to the limitation of liability set forth in Section 11 of these Service Terms.

8. Confidential Information; Use of Data; Card Industry Compliance.

8.1 Confidentiality.

- (a) Each party has made and will continue to make available to the other party information that is not generally known to the public and at the time of disclosure is identified as, or would reasonably be understood by the receiving party to be, proprietary or confidential ("**Confidential Information**"). Confidential Information may be disclosed in oral, written, visual, electronic or other form. Information meeting the definition of Confidential Information that is disclosed by a party during the term of these Service Terms and that is not otherwise subject to a separate nondisclosure agreement between the parties will be considered Confidential Information, even if the information is unrelated to these Service Terms or the Merchant Services to be provided hereunder. Each party's Confidential Information includes its: (i) business plans, strategies, forecasts, projects and analyses; (ii) financial information and fee structures (including Bank's pricing and pricing proposals); (iii) business processes, methods and models; (iv) employee, customer, dealer, business partner and supplier information; (v) hardware and system designs, architectures, structure and protocols; (vi) product and service specifications; and (vii) the terms of these Service Terms. The following information shall be deemed the Confidential Information of Bank: (x) any SOC1 (Disclosure of Service Organization Control Report No. 1), SSAE-16 or SSAE-18 (Statement on Standards for Attestation Engagements No. 16 or No. 18) report provided by Bank; (xi) any attestation of compliance or similar letter or report provided by Bank with respect to its compliance with the Security Standards; (xii) any data and information (including data analytics and attribution data) about Chase Cardholders provided to Customer by Bank or any of its Affiliates; (xiii) Card Information associated with a Chase Card or Chase Cardholder; and (xiv) the fact that any Cardholder(s) is/are a Chase Cardholder. For Transactions that are processed under these Service Terms, information (other than Card Information associated with a Chase Card) that is customarily part of the payment transaction (e.g., transaction date and amount) may be utilized by each of the parties subject to the Security Standards, Card Network Rules and ChaseNet Rules, as applicable, and shall not be deemed the Confidential Information of any party.
- (b) Except as otherwise permitted under these Service Terms or with the prior written consent of the disclosing party, the receiving party will not disclose, transmit or otherwise disseminate in any manner whatsoever any Confidential Information of the disclosing party to any third party. The receiving party will use the same care and discretion to avoid disclosure, publication or dissemination of any Confidential Information received from the disclosing party as the receiving party uses with its own similar information that it does not wish to disclose, publish or disseminate (but in no event less than a reasonable degree of care). The Bank and Paymentech may disclose Customer's Confidential Information: (i) to the Card Networks in connection with the processing of Transactions and the provision of ancillary services (including services made available directly through the Card Networks such as Address Verification and Account Updater, if used by Customer) and activity for which such disclosure is otherwise required (e.g., Retrieval Requests, Chargeback adjudication, fraud detection and prevention); (ii) to its or its subcontractors' employees, consultants or agents for the purpose of performing its obligations under these Service Terms and only to those who are obligated to maintain the confidentiality of Customer's Confidential Information upon terms similar to those

contained in these Service Terms; and (iii) as may be necessary by reason of legal, accounting or regulatory requirements.

- (c) The obligations set forth in this Section do not apply to any Confidential Information that the receiving party can demonstrate: (i) the receiving party possessed prior to disclosure by the disclosing party, without an obligation of confidentiality; (ii) is or becomes publicly available without breach of these Service Terms by the receiving party; (iii) is or was independently developed by the receiving party without the use of any Confidential Information of the disclosing party; or (iv) is or was received by the receiving party from a third party that does not have an obligation of confidentiality to the disclosing party or its Affiliates. Either party may disclose the terms of these Service Terms to potential parties to acquisition, divestiture or similar transactions to facilitate due diligence and closing of the transaction, provided that potential party is subject to written non-disclosure obligations and limitations on use only for the prospective or closed transaction, each party to that transaction using commercially reasonable efforts to limit the extent of the disclosure.
- (d) If the receiving party is legally required to disclose any Confidential Information of the disclosing party in connection with any legal or regulatory proceeding, the receiving party will, if lawfully permitted to do so, endeavor to notify the disclosing party within a reasonable time prior to disclosure and to allow the disclosing party a reasonable opportunity to seek appropriate protective measures or other remedies prior to disclosure and/or waive compliance with the terms of these Service Terms. If these protective measures or other remedies are not obtained, or the disclosing party waives compliance with the terms of these Service Terms, the receiving party may disclose only that portion of that Confidential Information that it is, according to the opinion of counsel, legally required to disclose and will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to that Confidential Information. However, nothing contained in these Service Terms will restrict the Bank's or Paymentech's ability to disclose Customer's Confidential Information to regulatory or governmental bodies asserting jurisdiction over Bank or its Affiliates.

8.2 Use of Data.

General. Certain Customer Confidential Information, including without limitation, financial information, information related to Customer's Transactions, and other information that Customer provides to Bank may be shared by the Bank or Paymentech with its Affiliates and the Card Networks. Except as otherwise agreed by the parties in writing, Bank shall not otherwise use or disclose such information other than, (i) as necessary to process Customer's Transactions or otherwise provide services and maintain Customer's account pursuant to these Service Terms; (ii) for the Bank's and Paymentech's internal and operational purposes; (iii) to monitor, detect, prevent, reduce, or otherwise address fraud, risk, security, or technical issues; (iv) to enhance or improve the Bank's and Paymentech's products and services generally; or (v) as required or permitted by the Card Networks or applicable law. The Bank and Paymentech may use and/or share with third parties information derived from Transactions provided that it is either aggregated or de-identified (meaning that reasonable steps have been taken to ensure that the information does not identify Customer and does not identify any individual person).

8.3 Payment Card Industry Compliance.

- (a) Each party agrees to comply with all applicable Security Standards.
- (b) Customer further agrees to provide Bank, upon its request, with such tests, scans, and assessments of Customer's compliance with Security Standards as may from time to time be required by the Card Network Rules in order for Bank to confirm or validate Customer's compliance with the Security Standards.
- (c) Customer understands that its or its Service Providers failure to comply with the Card Network Rules, including the Security Standards, may result in Card Network Liabilities for which Customer shall be responsible.
- (d) Customer shall immediately notify Bank of its use of any Service Provider(s), and Customer is responsible for ensuring that any and all Service Providers and third-party payment software or applications used by Customer to transmit, store or process Card Information, are compliant with all applicable Security Standards and appropriately registered with, or otherwise recognized as being compliant with the Security Standards, by all applicable Card Networks.
- (e) If a forensic examination of Customer or any of Customer's Service Providers is required pursuant to the Card Network Rules, Customer agrees to engage an approved PCI Forensic Investigator ("PFI") (a list of which is available from the PCI Council), and cause such forensic examination to be completed within the timeframe required by the Card Network Rules, and cooperate with the PFI in connection therewith. Notwithstanding the foregoing, the Card Networks may directly engage, or demand that Bank engage, an examiner on behalf of the Customer in order to expedite the investigation of a suspected Data Compromise Event, and/or may require Bank to investigate such Data Compromise Event. Customer agrees to pay for all costs and expenses related to any required forensic examination and all liabilities

associated with any Data Compromise Event. Furthermore, if Customer is undergoing a forensic investigation at the time these Service Terms is executed, Customer shall fully cooperate with the investigation and agrees to continue so cooperating until the investigation is completed.

8.4 Access to Information.

Customer shall be responsible for ensuring that only employees and representatives with a need to know shall have access to Card Information. Customer may, from time to time, designate certain employees or representatives for which Bank shall provide access (via login credentials or otherwise) to Customer reporting, which may include access to Card Information. Customer shall be responsible for any unauthorized access to such information or any unauthorized transactions submitted, utilizing the login credentials of Customer's employees and representatives. In the event that any employee or other representative previously designated by Customer to Bank for purposes of allowing such access, Customer agrees to notify Bank promptly in the event such representative ceases to be employed by or associated with Customer, or otherwise no longer has a reasonable business need to retain such access.

9. Information About Customer and Customer's Business.

9.1 Additional Financial Information.

Upon five (5) business days' written notice, Customer agrees to furnish to Bank (i) complete audited financial statements of Customer (or such lesser format financial statements of Customer as Bank may agree to accept) from the most recently completed fiscal year if such request occurs more than one hundred twenty (120) days after the end of such fiscal year, and otherwise from the fiscal year immediately prior thereto, and (ii) its most recently prepared interim financial statements.

9.2 Other Information.

Customer agrees to provide Bank at least thirty (30) days' prior written notice of: (i) any significant changes to the nature of its business, product lines or services; (ii) Customer beginning to accept payment in advance of the shipment of goods or fulfillment of services, or materially increasing the amount of time between acceptance of payment and the anticipated delivery or shipment of goods or fulfillment of services; (iii) any sale of all or substantially all of the assets of Customer; or (iv) any person or entity becoming the beneficial owner, directly or indirectly, of securities representing more than fifty percent (50%) of the combined voting power of Customer's securities, or otherwise acquiring voting control of Customer. If Bank determines such a change is material to its relationship with Customer, Bank may refuse to process Transactions made subsequent to the change or terminate these Service Terms. Customer agrees to provide Bank with prompt written notice if Customer is the subject of any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Customer agrees to provide Bank with any additional information Bank may request pertaining to Customer's business or Transactions in connection with any Bank inquiries or investigation concerning suspected fraud or fraudulent Transactions.

10. ChaseNet Availability.

Bank reserves the right, at any time upon thirty (30) days' prior written notice, to discontinue the processing of Customer's eligible Transactions as Chase Transactions, in which case Transactions involving Eligible Chase Cards (i.e. Transactions which would otherwise have been processed as Chase Transactions) shall thereafter be processed as normal Visa Transactions subject to Visa pricing as set forth on Schedule A and normal Visa interchange rates and network fee pass-through.

11. Limitations of Liability; Disclaimer of Warranties.

Under no circumstances will the Bank's and Paymentech's combined financial liabilities arising out of or related to these Service Terms exceed the total fees paid to Bank under these Service Terms (net of Card Network and other third party fees including, without limitation, interchange, assessments, and Card Network Liabilities) for the six (6) months prior to the time the liability arose; provided, however, that such limitation shall not apply with respect to Bank's indemnity obligations with respect to a Data Compromise Event pursuant to [Section 7.1\(b\)](#). EXCEPT AS OTHERWISE PROVIDED FOR IN THESE SERVICE TERMS, IN NO EVENT WILL ANY PARTY, ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AFFILIATES, BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, OR LOST PROFITS, REGARDLESS OF THE FORM OF ACTION AND EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. ANY CARD NETWORK LIABILITIES SHALL BE DEEMED TO BE DIRECT DAMAGES. ALL PARTIES ACKNOWLEDGE THAT THIS IS AN AGREEMENT FOR COMMERCIAL SERVICES. THE UNIFORM COMMERCIAL CODE DOES NOT APPLY AND THE BANK AND PAYMENTECH HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, MADE TO CUSTOMER OR ANY OTHER PERSON, REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM, OR USAGE OF

TRADE) OF ANY SERVICES PROVIDED UNDER THESE SERVICE TERMS OR ANY GOODS PROVIDED INCIDENTAL TO SUCH SERVICES.

12. Miscellaneous.

12.1 Taxes.

The fees described in these Service Terms are exclusive of all taxes. Unless Customer is otherwise exempt, and, if applicable, provides a valid exemption certificate, Customer agrees to pay all applicable taxes and similar charges however designated (other than taxes assessed on Bank's net income) including sales, use, property, lease, excise, goods and services, value added, gross receipts and like taxes ("Taxes") which are imposed by any governmental authority related to the Merchant Services, equipment, supplies, software, intellectual property and other goods provided under these Service Terms. Customer also agrees to pay any Taxes imposed on interchange, assessments or other third party fees collected by Bank pursuant to these Service Terms. Customer authorizes Bank to increase the amount collected from Customer to reflect any and all such Taxes and any assessments or increases in the Taxes imposed on such sale or lease of the Merchant Services, equipment, supplies, software, intellectual property and other goods provided under these Service Terms. Bank may deduct withholding taxes, if any, from proceeds payable to Customer where required under applicable law and will provide to Customer documentation required to be provided to Customer under applicable law.

12.2 Assignment; Other Events.

- (a) Bank may not transfer or assign these Service Terms, in whole or in part, without the prior written consent of Customer, not to be unreasonably withheld, except that such prior written consent shall not be required in connection with: (i) the transfer of all or substantially all of the merchant acquiring business of Bank (whether by merger, stock sale, asset sale or otherwise); (ii) an internal reorganization resulting in an assignment or transfer to an Affiliate of Bank; or (iii) as permitted under the Card Network Rules, the substitution of another Card Network member for the Bank, as the member bank under whose sponsorship the Merchant Services are provided.
- (b) Customer may not transfer or assign these Service Terms without the prior written consent of Bank, not to be unreasonably withheld subject to Bank's standard credit and risk underwriting policies and procedures (which shall in no event be deemed unreasonable).

12.3 Parties; Independent Contractor.

These Service Terms are binding upon and inures to the benefit of the parties and their respective heirs, administrators, representatives, and permitted successors and assigns. Customer agrees that it is responsible for its employees' and Service Provider's actions. In providing services to Customer, Bank will not be acting in the capacity of agent, partner, or joint venturer; Bank is acting solely as an independent contractor.

12.4 Representations.

- (a) Customer represents and warrants that all written information that it has or will submit to Bank, including without limitation statements made on its Application and any subsequent addendums, are true, complete and not misleading as of the date the statements were or will be made. Customer further represents and warrants that only its authorized representatives will submit written information to Bank. Customer represents and warrants that it is not a Bearer Share Company and that it will not issue Bearer Shares.
- (b) Bank and Customer each represent and warrant that its execution of and performance under these Service Terms: (i) in no way breaches, contravenes, violates, or in any manner conflicts with any of its other legal obligations, including, without limitation, its corporate charter or similar document or any agreement with any third party or affiliated entity; (ii) has been duly authorized by all necessary action and does not require any consent or other action by or in respect of any third party; and (iii) that the person signing these Service Terms is duly authorized to do so.

12.5 Publicity.

Except to the extent required by applicable law, neither party shall make press releases or similar public statements regarding the business relationship that is the subject of these Service Terms, without the prior written consent of the other.

12.6 Entire Agreement.

The Application, taxpayer identification and certification documentation, and all schedules, supplements, exhibits and attachments to these Service Terms are made a part of these Service Terms for all purposes. These Service Terms represent the

entire understanding between Customer, the Bank and Paymentech with respect to the matters contained herein and supersedes any prior agreements between the parties. Customer agrees that in entering into these Service Terms it has not relied on any statement of the Bank, Paymentech or their representatives. These Service Terms shall prevail over any conflicting terms of any agreement governing the Settlement Account. In the event that any of the terms and conditions of these Service Terms contradict or conflict with the terms and conditions of Customer's Professional Services Agreement, the terms and conditions of these Service Terms shall control.

12.7 Amendment.

Except as otherwise set forth in these Service Terms, these Service Terms may be amended only by written agreement of the parties. Notwithstanding the foregoing, in the event the terms of these Service Terms must be amended pursuant to a change required by the Card Network Rules or required for compliance with applicable law, such amendment will be effective upon written notice to Customer.

12.8 Prohibition of Unlawful Internet Gambling.

Customer understands and agrees that the use of the Merchant Services to conduct transactions (including, without limitation, the acceptance or receipt of settlement proceeds or other funds related to such transactions) that are related, directly or indirectly, to unlawful Internet gambling is strictly prohibited by the Bank and Paymentech. The term "unlawful Internet gambling," as used in this Notice, shall have its meaning set forth in 12 C.F.R. Section 233.2(bb). Customer agrees not to engage in, submit for processing or facilitate any Transactions under these Service Terms that directly or indirectly involve or are related to unlawful Internet gambling.

12.9 Incorporation of Account Documentation.

The provisions of the Account Terms, Service Terms, and other Account Documentation are incorporated into these Service Terms by reference; provided, however, that Sections 1.1 through 5.5 shall have no applicability to the Merchant Services. By acknowledging or signing the applicable account documentation or by using or continuing to use the Merchant Services, Customer agrees to these Service Terms.

13. Survival.

The terms that expressly or by their nature contemplate performance after the termination or expiration of these Service Terms shall survive and continue in full force and effect. For the avoidance of doubt the provisions relating to Authorization and Settlement, Refunds, Chargebacks, Termination, Indemnification, Confidentiality, Use of Data and Limitation of Liability shall survive termination.

14. Definitions.

"Affiliate" of any Person mean shall mean (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any officer or director of such Person, and (c) with respect to the Bank, any entity administered or managed by the Bank, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract, ownership of voting securities, membership interests or otherwise.

"Application" means a statement of Customer's financial condition, a description of the characteristics of Customer's business or organization, and related information Customer has previously or concurrently submitted to Bank, including credit, financial and other business related information, to induce Bank to enter into these Service Terms with Customer and that has induced Bank to process Customer's Transactions under the terms and conditions of these Service Terms.

"Bearer Shares" means securities that are not registered on the books of the issuing corporation and thus payable to any possessor of the shares.

"Bearer Share Company" means a type of company which, unlike registered share companies, issues its securities as Bearer Shares.

"Card" means a physical or virtual credit or debit card, or any evidence thereof (e.g. account number, access number, token, code, payment credential, or other form factor or access device), or any device, mobile application, digital wallet or other technology, medium or method (regardless of form) used to access an account or account number through which Card Network payment services

are delivered, authorized and established between a Cardholder and a Card Network, or representatives or members of a Card Network that Customer accepts from Cardholders as payment for goods or services.

“**Cardholder**” means the person or entity to whom a Card is issued or who is otherwise authorized to use a Card.

“**Card Information**” means information related to a Cardholder or the Cardholder’s Card, that is obtained by Customer from the Cardholder’s Card, or provided by the Cardholder in connection with his or her use of a Card, including, without limitation, Card account numbers and expiration dates, security codes (e.g. CVV2, CVC2, etc.), PIN numbers, credit limits, account balances, or Cardholder billing address, phone numbers, or zip codes (when provided solely as part of an identity verification system), and any data read, scanned, imprinted, or otherwise obtained from the Card, whether printed thereon, or magnetically, electronically, or otherwise stored thereon. For the avoidance of doubt, information about Cardholders which is not specific to Cardholder’s Card and which is voluntarily provided to Customer by Cardholders for purposes of shipping or delivering goods or services, Cardholder’s participation in a loyalty program, mailing list, special offers, or similar purposes (e.g., Cardholder’s name, mailing address, phone number, email address, birthdate or age), shall not be deemed Card Information.

“**Card Network**” means any payment card network provider whose payment method is accepted by Bank for processing, including, without limitation, Visa Inc., MasterCard International, Inc., Discover Financial Services, LLC, American Express, Pulse, and STAR.

“**Card Network Rules**” means all bylaws, rules, programs, regulations, specifications, and manuals, as they exist from time to time, of the Card Networks. With respect to the Chase Transactions, the ChaseNet Rules are the applicable Card Network Rules.

“**Chargeback**” means a reversal of a Transaction Customer previously presented to Bank pursuant to Card Network Rules.

“**Chase Card**” means a Card issued by the Bank or its Affiliates and used to access a line of credit, prepaid account, or deposit account, issued or maintained by the Bank or its Affiliates.

“**Chase Cardholder**” means any person or entity to whom a Chase Card is issued or who is otherwise authorized to use a Chase Card.

“**Chase Transaction**” means a Transaction utilizing an Eligible Chase Card and which is processed over the ChaseNet platform.

“**ChaseNet**” means the Bank’s payment processing platform(s) where Transactions involving Eligible Chase Cards are processed directly between Customer and the Bank, bypassing the traditional Card Network “interchange” system.

“**ChaseNet Rules**” means the Chase Customer Program Requirements, as amended, revised and updated from time to time, which set forth the rules and requirements applicable to the acceptance of Chase Transactions.

“**Data Compromise Event**” means an occurrence that results, or may have resulted, directly or indirectly, in the unauthorized access to or disclosure of Card Information in the possession or control of a party to these Service Terms or its service providers.

“**Eligible Chase Card**” means a Chase Card of a type that the Bank, in its sole discretion, has determined to be eligible for use in Chase Transactions processed over ChaseNet generally. Unless Bank has notified Customer otherwise in writing (or the parties have agreed in writing to Chase Transaction pricing specific to another Card type, e.g. PIN debit), Eligible Chase Cards shall be limited to consumer and small business Chase Cards for which a Visa-branded credit or signature debit card has been issued.

“**Person**” shall mean any natural person, partnership, limited liability company, corporation, trust, joint venture, joint stock company, association, unincorporated organization, government or agency or political subdivision thereof, or other entity, whether acting in an individual, fiduciary or other capacity.

“**Refund**” means any refund or credit issued for any reason, including, without limitation, for a return of merchandise or cancellation of services, and any adjustment of a Transaction.

“**Reserve Account**” shall have the meaning set forth in [Section 2.6](#).

“Security Standards” means all rules, regulations, standards, or guidelines adopted or required by the Card Networks or the Payment Card Industry Security Standards Council relating to privacy, data security, and the safeguarding, disclosure, and handling of Card Information, including, without limitation, the Payment Card Industry Data Security Standards, Visa’s Cardholder Information Security Program, Discover’s Information Security & Compliance Program, American Express’s Data Security Operating Policy, MasterCard’s Site Data Protection Program, Visa’s Payment Application Best Practices, the Payment Card Industry’s Payment Application Data Security Standard, MasterCard’s POS Terminal Security program, and the Payment Card Industry PIN Transmission Security program, in each case as they may be amended from time to time.

“Service Provider” means any party that processes, stores, receives, transmits, or has access to Card Information on Customer’s behalf, including, without limitation, its agents, business partners, contractors, and subcontractors.

“Transaction” means any transaction conducted between a Cardholder and Customer utilizing a Card in which consideration is exchanged between the Cardholder and Customer.

“U.S.” means the forty-eight (48) contiguous states of the United States, District of Columbia, Alaska and Hawaii. For the avoidance of doubt, all other United States possessions and territories are excluded, except as may otherwise be provided in an addendum hereto.



CORPORATE QUICK PAYSM SERVICE TERMS

V1.2_07_31_18

These Service Terms set forth the terms and conditions that govern the Customer's use of a Service (sometimes hereafter called the "Quick Pay Service") that allows the Customer to issue: (1) Electronic Payments to Recipients based upon the Recipient's acceptance of a request sent to the Recipient's email address or telephone number; and (2) paper checks to Recipients, if applicable. The provisions of the account documentation, including terms and conditions governing the operation of business accounts and services, Client Access Service Terms, ACH Origination Service Terms and Check Print Service Terms, as amended from time to time (collectively, "Account Documentation") are incorporated into these Service Terms by reference. If and to the extent there is a conflict between the Account Documentation and the provisions of these Service Terms, the provisions of these Service Terms shall prevail. By acknowledging or signing the applicable Account Documentation or by using or continuing to use the Service, the Customer agrees to these Service Terms.

1. Definitions. Capitalized terms used in these Service Terms, unless otherwise defined herein, shall have their meanings set forth below. Capitalized terms used in these Service Terms that are not defined herein shall have their meanings set forth in the Account Documentation.

"**ACH Credit Entry**" means a "credit Entry," as such term is defined in the Operating Rules of the National Automated Clearing House Association.

"**RTP Payment**" means an Electronic Payment sent through the Real-Time Payment System operated by The Clearing House Payments Company L.L.C.

"**Electronic Payment**" means the payment of moneys to the Recipient by the Customer through an ACH Credit Entry to a Recipient's deposit account or, if separately agreed upon by the Bank and the Customer, a payment through the Real -Time Payment System pursuant to the Corporate Quick Pay with Real-Time Payments Supplemental Service Terms ("RTP Supplemental Terms").

"**Paper Check Payment**" means the payment of moneys to the Recipient by the Customer through a paper check issued from the Account to the order of the Recipient.

"**Payment Offer**" means a request that a Recipient accept an Electronic Payment delivered by email to a Recipient's email address supplied by the Customer to the Bank or, provided consent has been given by the Recipient, by text message to a Recipient's telephone number.

"**Payment Instructions**" means the instructions provided by the Customer that the Bank uses to send a Payment Offer or Paper Check Payment to a Recipient.

"**Recipient**" means an individual to whom a Payment Offer is sent and, upon acceptance by the Recipient, to whom an Electronic Payment is made or an individual to whose order a Paper Check Payment is made.

"**Site**" means the Chase Payments website owned and maintained by the Bank.

"**Technology**" means the Bank's (or its subcontractor's) web-based applications, which have been designed to facilitate Customer -initiated payments under the Service via the Internet or ACH and may include customer service support, reports, software and software tools, user interface designs and documentation and any derivatives, improvements, enhancements or extensions thereof.

"**Terms and Conditions**" means the terms and conditions provided by the Bank to the Recipient which govern the Recipient's use of or access to the Site.

2. Service. The Customer shall use the Service to issue Payment Offers inviting Recipients to receive Electronic Payments by accessing the Site and authorizing an Electronic Payment to the Recipient's deposit account. The Recipient may choose to accept or decline the Payment Offer. If a Payment Offer is not accepted or declined within the timeframe determined by the Customer, then such Payment Offer will expire. Once a Payment Offer expires, the Recipient will no longer be able to accept or decline such Payment Offer. Acceptance of the Payment Offer will occur once the Recipient has logged onto the Site, enrolled and taken the actions described in Section 3 hereof. As between the Customer and the Bank, all Electronic Payments shall be governed by the ACH Origination Service Terms or, if separately agreed upon by the Customer and the Bank, by the RTP Supplemental Terms. All Paper Check Payments shall be governed by the Check Print Service Terms.

3. Obligations of the Bank. In connection with the Service, the Bank shall have the following obligations:-

3.1. The Bank shall provide Terms and Conditions to each Recipient, which Terms and Conditions must be accepted by the Recipient prior to acceptance of a Payment Offer.

3.2. The Bank will manage the enrollment of Recipients on the Site, the sending of Payment Offers to Recipients, and the receipt and processing of Recipients' responses to Payment Offers.

The Bank may, at any time, in its sole discretion, cancel or suspend a Recipient's use of or access to the Site as may be required by applicable law, rule or regulation or by the Bank's policies and procedures.



4. Obligations of the Customer. In connection with the Service, the Customer shall have the following obligations:

4.1 The Customer shall timely provide the Bank with all information and materials reasonably necessary to set up and implement the Service for use by the Customer. The Customer will promptly notify the Bank of any changes to any such information provided by the Customer to the Bank.

4.2 The Customer shall transmit to the Bank Payment Instructions in a form acceptable to Bank requesting that Bank send Payment Offers or Paper Check Payments to Recipients. Payment Instructions shall: (a) be in a form approved by the Bank; (b) include the name, email address, mailing address, telephone number if applicable, and payment amount for each Recipient and all other information required by the Bank; and (c) be accompanied by such evidence of authority for the Payment Offer or Paper Check Payment as the Bank may require. The Bank may reject or delay processing of Payment Offers to Recipient if the Customer's Payment Instructions are not complete or otherwise do not meet the standards the Bank specifies for acceptance; the Bank will notify the Customer of any Payment Instructions that the Bank does not accept. All Payment Instructions shall be electronically delivered to the Bank in a secure, encrypted, or password protected format, acceptable to the Bank, using such security procedures as the Bank may prescribe. Any Payment Instruction, the authenticity of which has been verified through a Security Procedure, shall be effective as that of the Customer, whether or not authorized, and notwithstanding that the Payment Instruction may result in an overdraft of an Account.

4.3. The Customer becomes obligated to pay the amount of its Payment Instruction upon receipt of such instruction by the Bank. The Bank will debit the Customer's account with Bank that the Customer specifies for the total of RTP Payments processed in the Customer's name. The Customer agrees to have good and collected funds in its account to cover the amounts of all RTP Payments initiated in its name.

4.4. The Customer shall ensure that all Recipients are located in the United States and the Customer shall not use the Service for international ACH transactions or other cross-border payments, which are prohibited under these Service Terms.

4.5 The Customer (as the originator of each ACH Credit Entry or sender of each RTP Payment) authorizes the Bank to originate ACH Credit Entries or RTP Payments, respectively, to the Recipient's deposit account.

4.6. The Customer shall provide the Recipients with any disclosures required by applicable law in connection with the Payment Offers or Electronic Payments.

4.7 All of the obligations of the Customer under the ACH Origination Service Terms with respect to origination and processing of ACH Entries, except as modified by these Service Terms, shall apply to the Electronic Payments processed hereunder through the ACH system.

5. Customer Use of Technology. Customer acknowledges that the Technology and Service are the property and trade secrets of the Bank and the Bank retains all title and full ownership rights in the Service and Technology. Accordingly, the Customer will not: (1) sell, lease, distribute, license or otherwise make available the Technology; (2) alter, translate, create derivative works from, reverse engineer, disassemble or decompile the Technology; (3) disclose or make available to, or permit use of the Technology or Service by, any third party; (4) engage in spamming, mail bombing, spoofing or any other fraudulent, illegal or unauthorized use of the Service; (5) knowingly use, introduce or transmit through the Technology or Service, without limitation, via any portion of the Customer's computer system that interfaces with the Technology or Service, or otherwise, any virus, worm, software lock, drop dead device, Trojan-horse routine, trap door, back door, timer, time bomb, clock, counter or other limiting routine, instruction or design or any other codes or instructions that may be used to access, modify, delete, damage, disable or prevent the use of the Technology, Service or other computer systems of Bank; (6) remove, obscure or alter any copyright notice, trademarks or other proprietary rights notices affixed to or contained within the Technology; or (7) engage in or allow any action involving the Technology or Service that is inconsistent with these Service Terms and all functional specification documents that are or will be provided to Customer by Bank.

6. Representations and Warranties. By submitting any Payment Instruction, the Customer represents and warrants to the Bank that: (a) the Customer has verified the accuracy of the information therein; (b) each Recipient has agreed that his/her mailing address, email address, and telephone number will be shared with the Bank and the Bank's agents and vendors in connection with the Service; (c) each Recipient has provided express consent for the Bank and its agents and vendors to send text messages, including those sent via automatic or automated dialing technology, for informational and servicing purposes to such Recipient at the telephone number that such Recipient has provided to the Customer; (d) the Customer has verified that Recipients' phone number has not been disconnected or reassigned before the Bank sends the text message; (e) the Customer has verified the text of the Payment Offer to ensure it does not contain confidential or personal information of the Recipient or obscene, indecent language; and (f) the Bank is authorized to make Electronic Payments and Paper Check Payments, if applicable, to the Recipient.

7. Reliance on Information. Without limitation of the foregoing, the Bank is authorized to rely on any information received from the Customer or any Recipient and Bank will not be liable for any loss or damage arising out of the inaccuracy thereof, including any errors in a Recipient's email or physical address, phone number, or in payment details and any resulting erroneous Payment Offers, Electronic Payments or Paper Check Payments, including any sent to an unintended recipient. The Customer shall be solely responsible for the security and integrity of all information and data supplied or transmitted to Bank including during transmission to Bank.

8. Indemnity. The Customer agrees to indemnify and hold the Bank, its agents, employees, officers and directors, harmless from and against any and all claims, damages, demands, judgments, liabilities, losses, costs and expenses (including attorneys' fees) resulting directly or indirectly from: (i) the Bank's acceptance or execution of any request, direction or instruction, including without limitation, Payment Instructions, received from the Customer or any Recipient, (ii) the Customer's breach of any warranty or any of its obligations under these Service Terms, and (iii) any error in, or failure to make, a Payment Offer as a result of erroneous information provided by either the Customer or any Recipient.



9. Cancellation or Modification. Once a Payment Offer has been issued to a Recipient , such Payment Offer may not thereafter be cancelled or modified by the Customer; provided, however, that in the event the Customer requests to cancel or modify any Payment Offer prior to the time the Recipient has accepted or declined such Payment Offer, the Bank will endeavor to act upon a cancellation or modification request if received by the Bank from the Customer prior to the time the Recipient has accepted or declined such Payment Offer .



Schedule A to Merchant Agreement

Credit Assumptions

Transaction - Related Assumptions			
Annual Payment Transaction Volume	30,545,995	Average Transaction Amount	\$10.00

1. Processing Fees - (Fees applied to every transaction)

Transaction Fees & Authorization Fees

Per Trans	Transaction Description	Fee
	Visa Settled Transactions	No Charge
	MasterCard Settled Transactions	No Charge
	American Express Conveyed Transactions	No Charge
	Diners Settled Transactions	No Charge
	Discover Settled Transactions	No Charge
	JCB Settled Transactions	No Charge

Per Auth	Transaction Description	Fee
	Visa Authorizations	\$0.02250
	MasterCard Authorizations	\$0.02250
	American Express Authorizations	\$0.02250
	Diners Authorizations	\$0.02250
	Discover Settled Authorizations	\$0.02250
	JCB Authorizations	\$0.02250

2. Per Incidence Fees – charged every time Merchant account incurs one of the below items

Per Incidence Fees – Authorization & Voice Authorization Related

Visa Auth Reversal - Visa authorization reversal misuse prevention	\$0.0225
MC Auth Reversal - MasterCard authorization reversal misuse prevention	\$0.0225
Audio Response Unit Authorization – Charged when voice auth is handled by automated system	\$0.5000
Voice Authorization -Charged when the Voice Authorization phone number is called to authorize a credit card	\$0.6500
Voice AVS Request - Charged to speak to voice operator for each Voice Address Verification request	\$0.6500
Voice Authorization Reversal - Charged for each voice authorization reversal	\$0.6500
Voice AVS Authorization - Charged per each voice Address Verification Service authorization	\$1.75
Voice Operator Assist - Charged for each voice operator assistance	\$1.75

Per Incidence Fees – Chargeback Related

Visa or MasterCard Chargeback/Dispute Fee	\$2.50
Diners Settled Chargeback/Dispute Fee	\$2.50
Discover Settled Chargeback/Dispute Fee	\$2.50
JCB Chargeback/Dispute Fee	\$2.50
Visa or MasterCard Re-presentation Dispute Response Fee	\$2.50
Diners Settled Re-presentation Dispute Response Fee	\$2.50
Discover Settled Re-presentation Dispute Response Fee	\$2.50
JCB Chargeback Re-presentation Dispute Response Fee	\$2.50
Visa or MasterCard Pre-Arbitration & Compliance Dispute Denied	\$10.00
Diners Pre-Arbitration & Compliance Dispute Denied	\$10.00
Discover Pre-Arbitration & Compliance Dispute Denied	\$10.00
JCB Pre-Arbitration & Compliance Dispute Denied	\$10.00
Visa or MasterCard Collection Letter	\$10.00
Diners Collection Letter	\$10.00
Discover Collection Letter	\$10.00
JCB Collection Letter	\$10.00

Per Incidence Fees – Funding Related

ACH Transfer Fee - Charged for each ACH (transmission of funds) sent to your account	No Charge
Wire Transfer Fee - Per each funding via wire transfer	\$10.00

Per Incidence Fees – Miscellaneous Transaction Related	
Rejected Transaction	\$0.0225
Paymentech Gateway Transaction	\$0.0200
Point of Sale Terminal Item Authorized	\$0.0225
Point of Sale Terminal Item Authorized Wireless	\$0.0225
Point of Sale Terminal Item Authorized TCP/IP	\$0.0225
Point of Sale Terminal Item Authorized Special/Misc.	\$0.0225
Point of Sale Terminal Item Authorized Frame Relay	\$0.0225
Point of Sale Terminal Item Authorized Lease Line	\$0.0225
Point of Sale Terminal Item Authorized Netconnect TCP/IP	\$0.0225
Point of Sale Terminal Item Deposited	No Charge
Point of Sale Terminal Reject Transaction	\$0.0225
Safetech Encryption (Verifone) Per Item Fee	\$0.0250
Safetech Encryption (Ingenico) Per Item Fee	\$0.0250
Safetech Encryption (Magtek) Per Item Fee	\$0.0250
Safetech Page Encryption Per Item Fee	\$0.0225
Safetech Tokenization Per Item Fee	\$0.0050

If Merchant obtains point of sale device(s) from Chase Merchant Services ("CMS") or a third party for use with Safetech Encryption and CMS or the third party provides the encryption services, additional fees shall be assessed: (a) a one-time device fee of \$10.90 per device; and (b) an encryption injection fee of \$34.95 per device per occurrence. These assessments are in addition to the above Safetech Encryption Fee(s).

If Merchant obtains point of sale device(s) from Verifone directly and Verifone provides the Safetech Verifone Point Enterprise Solution encryption injection to the devices, then the above one time device fee(s) and injection fee(s) will not apply. Merchant acknowledges and understands that its use of any fraud mitigation or security enforcement solution (e.g. an encryption product or service), whether provided to merchant by CMS, Verifone or a third party, in no way limits Merchant's obligation to comply with the Security Standards or Merchant's liabilities set forth in the Agreement.

Merchant obtains point of sale device(s) for use with Safetech Encryption, the following additional fee shall be assessed: (a) a one-time device fee of \$10.00 per Ingenico device; and (b) an encryption injection fee of \$34.95 per device per occurrence. These assessments are in addition to the above Safetech Encryption Fee(s). If Merchant obtains point of sale device(s) from a third party, additional fees may apply. Merchant acknowledges and understands that its use of any fraud mitigation or security enforcement solution (e.g. an encryption product or service), whether provided to merchant by Chase Merchant Services ("CMS") or a third party, in no way limits Merchant's obligation to comply with the Security Standards or Merchant's liabilities set forth in the Agreement.

Account Updater Inquiry Related	
Account Updater Inquiry	No Charge
Account Updater Batch Match for Visa and Chase Visa (if applicable) ¹	\$0.1800
Account Updater Batch Match for MasterCard ¹	\$0.1800
Account Updater Validation	No Charge
Account Updater Reject Transaction Fee - Charged when a transaction is sent for which Merchant is not enabled	\$0.0225
Real Time Account Updater for Visa and Chase Visa (if applicable) ¹	\$0.1800

One Time Fees	
Not Applicable	N/A
Paymentech Gateway Setup Fee	No Charge

Monthly Fees	
Monthly Paymentech Gateway Fee (per division)	No Charge
Network Access Monthly Fee (per terminal per month)	\$25.00
Account Updater Monthly Fee	No Charge

4. Other Fees

Per Incidence Fees – Statement & Supply Related	
Monthly Fax/Mail Reporting Fee - Charged each month Chase Merchant Services faxes or mails statements (whether at the request of Merchant or because delivery to a valid email address has failed)	\$50.00
Postage, Supplies, Equipment & Other Services – service fees will be charged at the time of order	Current Market

5. Card Network Fees – Assessed on each transaction. The Card Networks assess fees on each transaction processed through their network(s). These fees, generically referred to herein as Card Network Fees, consist of interchange fees, assessments, data usage fees, and access fees.

Card Network Fees - Interchange Fees. CMS will “pass through” to merchant an amount equal to the applicable interchange rate established by the Card Networks.

Visa	Pass-Through
MasterCard	Pass-Through
Diners	Pass-Through
Discover Settled	Pass-Through
JCB	Pass-Through

Card Network Fees – Assessments. CMS will “Pass through” to merchant an amount equal to the applicable assessment rate established by the Card Networks. For convenience, the current assessment rates are set forth below.

Visa Assessments - Debit Transactions	0.130%
Visa Assessments - Credit Transactions	0.140%
MasterCard Assessments (Credit transactions < \$1,000.00 and all Debit transactions)	0.130%
MasterCard Assessments (Credit transactions > \$1,000.00)	0.140%
Discover, Diners, & JCB Assessments	0.130%

Card Network Fees - Data Usage Fees

	Credit	Debit
Visa Domestic Sales Auth (APF) (Charged per Authorization & per Refund)	\$0.0195	\$0.0155
Visa Intl Sales Auth (APF) (Charged per Authorization & per Refund)	\$0.0395	\$0.0355
MasterCard Network Access and Brand Usage (NABU) Fee (Charged per Authorization and per Refund)	\$0.0195	\$0.0195
Discover, Diners, & JCB Card Data Usage Fee	\$0.0025	\$0.0025
Visa Financial Transaction Fee	\$0.0018	
VI Reporting & Data Transfer	\$0.0002	
MC Reporting & Infrastructure	\$0.0003	
MC Connectivity Fee ³	\$0.0014	

Card Network Fees – Access Fees. CMS will “Pass through” to merchant an amount equal to the applicable access fee/rate established by the Card Networks. For convenience, the current access fees/rates are set forth below.		
MC Acquiring License Fee ²	Charged on MasterCard Gross Sales volume. See Additional information under Card Network Fees below.	0.004%
MC Digital Enablement/Card Not Present Fee	Charged on MasterCard Card Not Present Gross Sales volume.	0.020%
MC Humanitarian Program Fee	Applies to transactions qualifying at the MasterCard Humanitarian card interchange category. When this fee applies, other MC Card Network fees will be waived.	0.250%
American Express Opt Blue Card Not Present Fee	Charged on American Express Card Not Present Gross Sales volume.	0.300%
American Express Opt Blue Application-initiated Fee	Charged on American Express transactions initiated by a digital wallet application.	0.300%
Discover, Diners, or JCB Network Authorization Fee	Charged by Discover on all authorizations for card transactions that are settled through the Discover Network	\$0.0190
MC Auth Access Fee – AVS Card Present	Charged by MasterCard when a merchant uses the address verification service to validate a cardholder address	\$0.0100
MC Auth Access Fee – AVS Card not present		\$0.0100
MC Card Validation Code 2 Fee	Charged by MasterCard when a merchant submits the Card Validation Code 2 (CVC2) in an authorization request	\$0.0025
MC SecureCode Transaction Fee	Charged on MasterCard SecureCode transactions that are sent for verification	\$0.0300
MC Account Status Fee - Intra-regional		\$0.0250
MC Account Status Fee - Inter-regional		\$0.0300
Visa Zero \$ Acct Verification Fee Domestic Debit Domestic Credit International Debit/Credit	Charged by MasterCard or Visa when a merchant uses this service to do an inquiry that a card number is valid	\$0.0300
		\$0.0350
		\$0.0700
MC Processing Integrity Fee - Pre Authorization	Charged when a card is authorized but not deposited and the authorization is not reversed in a timely manner. *the minimum fee amount for a Final Authorization is \$0.04	
Pre Authorization		\$0.0450
Final Authorization		0.250%
Visa Misuse of Authorization Fee		\$0.0930
Visa Zero Floor Limit Fee	Charged when a transaction is deposited but never authorized	\$0.2000
Visa Transaction Integrity Fee - Credit	Charged on Visa transactions that do not meet qualification standards for Custom Payment Service (CPS) categories.	\$0.1000
Visa Transaction Integrity Fee - Debit/Prepaid		\$0.1000
Visa System Integrity Fee Domestic	Data Consistency fees will be charged when certain authorization data elements are changed or manipulated to move from a declined to an approved authorization response.	\$0.1000
Visa System Integrity Fee Cross Border	Excessive Authorization fees will be charged for each reattempt in excess of 15 authorizations within a 30-day period.	\$0.1500
Discover Program Integrity Fee	Charged on Discover transactions that are downgraded to or directly qualify for U.S Base-submission interchange program.	\$0.0500
MC Ineligible Chargeback Blocking Fee	Charged when a fraud related Chargeback is blocked by MasterCard.	\$3.00
MasterCard Cross Border Assessment Fee	Charged by MasterCard, Visa, American Express, Discover, Diners and JCB on foreign bank issued cards	0.600%
Visa International Service Assessment Fee		1.000%
Discover, Diners, & JCB International Service Fee		0.800%
MC International Support Fee		0.850%
Visa Interregional Acquiring Fee (IAF) (other MCCs)	Additional fee charged by Visa, MasterCard, Discover, Diners and JCB on foreign bank issued cards	0.450%
Visa Interregional Acquiring Fee (IAF) (high risk MCCs)		0.900%
Discover, Diners, & JCB International Processing Fee		0.500%
Visa Partial Auth Non-Participation Fee	Applies to Petroleum merchants using automated fuel pumps that do not support Partial Authorization.	\$0.0100
MC Global Wholesale Travel Transaction Program B2B Fee	Applies to Travel merchants for transactions qualifying at the MasterCard Commercial Business-to-Business interchange category.	1.570%
Visa Global B2B Virtual Payment Service Fee	Applies to Travel merchants for transactions qualifying at the Visa Global B2B Virtual Payments interchange category.	1.550%
MC Freight Program Fee	Applies to Freight transactions qualifying at the Freight Program interchange category	0.500%

6. Periodic Fees

Monthly Fees		
Visa Fixed Acquirer Network Fee - Visa Fixed Acquirer Network Fee is a monthly fee assessed by Visa per tax ID based on Merchant Category Code (MCC), dollar volume, number of merchant locations, and whether the physical Visa card is present or not present at the time of the transaction. This fee can vary monthly.		Pass-Through
MasterCard Merchant Location Fee – MasterCard Merchant Location Fee of \$1.25 will be applicable for each month with \$200.00 or more in MasterCard volume. This fee will be assessed quarterly based on the previous 3 months activity.		\$1.25

1. Card Network Fees

A significant portion of the fees that Paymentech, LLC, also known as Chase Merchant Services ("CMS") charges consists of fees and other charges that CMS pays to the various card networks and payment systems ("Card Networks"). These charges (collectively referred to in this Schedule A as "Card Network Fees", include, but are not limited to, interchange rates, assessments, file transmission fees, access fees, and international and cross border fees, and will be charged to Merchant in addition to the rates set forth above. Whether a particular Card Network Fee applies may be based on a number of factors, such as the type of card or payment method presented, specific information contained within the Transaction, how and when the Transaction is processed, and the merchant's domicile and industry. Please note that CMS may, from time to time, elect not to charge for certain existing, new or increased Card Network Fees. If CMS elects not to charge any Card Network Fees, CMS reserves the right to begin doing so at any time in the future (including with respect to existing, new or increased Card Network Fees), upon notice to Merchant. No such Card Network Fees will be imposed retroactively.

2. Mastercard assesses the Mastercard Acquiring License Fee annually to each Acquirer based on the total annual volume of Mastercard-branded sales (excluding Maestro PIN debit volume) of its U.S. domiciled merchants. To fairly distribute the fee across all CMS Mastercard-accepting merchants, a rate of 0.004% will be applied to all of Merchant's Mastercard gross sales transactions.

3. In some cases, it is not possible to allocate the associated expenses from the payment networks directly to transaction counts or volume, so Chase Merchant Services produces a rate that is based on the associated expense from the payment networks and applies that expense accordingly.

Agreed and Accepted by:	
City of Los Angeles <hr/> Merchant Legal Name	200 N. Spring Street Los Angeles, CA 90012 <hr/> Address
<hr/> Printed Name	<hr/> Title (Print of Type)
Authorized Representative Signature:	
X <hr/> Signature	<hr/> Date

(Internal Use Only) Agreed and Accepted by:	
Paymentech, LLC for itself and on behalf of JPMorgan Chase Bank, N.A. <hr/> Merchant Legal Name	8181 Communications Pkwy Plano, TX 75024 <hr/> Address
<hr/> Printed Name	<hr/> Title (Print of Type)
Authorized Representative Signature:	
X <hr/> Signature	<hr/> Date



Schedule A - Electronic Check (eCheck)

Electronic Check (eCheck) Assumptions			
Transaction - Related Assumptions (All eCheck transactions from all divisions and subsidiaries will be processed by Chase Merchant Services)			
Annual eCheck Transactions	100	Avg eCheck Transaction Amount	\$10.16
1. Common Transaction Types			
Transaction Fees & Authorization Fees			
eCheck Validation (Online Only)			
This fee is assessed when using a 'Validate Only' action code and when the transaction passes Validation. Validation includes format and data edit checks bank routing number checks and comparison to Chase Merchant Services proprietary internal negative file. Note: Validation also occurs with every deposit transaction in batch at no charge.			\$0.10000
eCheck ACH Transaction			
This fee is assessed for successfully deposited eCheck transactions indicating the bank account has been successfully debited or credited.			\$0.10000
eCheck Prenote Transaction			
This fee is assessed when a prenote transaction is run which is a zero dollar transaction that determines whether the account number information is valid.			\$0.10000
eCheck Redeposit Transaction			
This fee is assessed when an ACH return occurs and the merchant has authorized Chase Merchant Services to resubmit the item to the ACH network. Only transactions returned for insufficient or uncollected funds can be resubmitted.			\$0.10000
eCheck ECP Deposit Check (Facsimile Draft) Deposit			
Paper (Facsimile) Drafts are created when a transaction is not eligible for ACH processing. The transaction is sent to the bank outside of the ACH network.			\$2.50000
eCheck Redeposit Paper Draft			
This fee is assessed when a paper return occurs and the merchant has authorized Chase Merchant Services to resubmit the item through the banking system (e.g. NSF Returns / Uncollected Funds).			\$2.50000
2. Per Incidence Fees			
Per Incidence Fees – Returns ACH Fees/Dishonored Return Fees			
ACH Return/ACH Dishonored Return Processed/Represented			
This fee is assessed every time an item which has been presented for deposit into the ACH network is returned by the RDFI (consumer bank) or when Chase Merchant Services dishonors a late return originally initiated from the RDFI.			\$3.00000
eCheck Notification of Change			
This fee is assessed when Chase Merchant Services receives a change notice from RDFIs (consumer's bank) on bank format changes (Routing/Account Number). This information is conveyed back to our clients as a NOC when an old or previous Routing/Account Number is used. This is particularly important for clients who store consumer profiles.			\$2.50000
Deposit Matching			
This fee is assessed whenever a transaction that is submitted with old routing/bank account information is updated by our NOC system with the corrected bank information. The system updates are based on Notification of Changes that have been stored in our NOC database.			\$1.50000
Facsimile Draft Return/Dishonored Paper Return Processed/Represented			
This fee is assessed for those items which have been presented to the RDFI as Paper Drafts but have been returned or when Chase Merchant Services dishonors a late return.			\$5.00000
Per Incidence Fees – Miscellaneous Transaction Related			
eCheck Reject Fee			
Submitted transactions are validated prior to deposit. If the transaction fails validation this fee is charged instead of the eCheck ACH Transaction fee.			\$0.10000
3. Other Fees			
Per Incidence Fees			
eCheck ACH Unauth Entry Fee			
This is a mandatory pass through fee used to compensate the issuing banks involved in processing all unauthorized returns through the ACH network; R05, R07, R10, R29, R51. This fee is assessed to each unauthorized return received daily as set forth by the ACH network and is a non-negotiable rate.			\$4.50

Agreed and Accepted by:

City of Los Angeles Merchant Legal Name	200 N. Spring Street Los Angeles, CA 90012 Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	
X Signature	Date

(Internal Use Only) Agreed and Accepted by:

Paymentech, LLC for itself and on behalf of JPMorgan Chase Bank, N.A. Merchant Legal Name	8181 Communications Pkwy Plano, TX 75024 Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	
X Signature	Date



Schedule A - PIN Debit

PIN Debit Assumptions			
Transaction - Related Assumptions			
Annual PIN Debit Transactions	673,614	Avg. PIN Debit Transaction Amount	\$10.16
1. Debit Processing Fees - (Fees applied to every transaction)			
Transaction Fees & Authorization Fees			
PIN Debit Online Authorization			\$0.02250
PIN Debit Settled Transactions			No Charge
PIN Debit Settled Transactions %			No Charge
2. Per Incidence Fees – charged every time Merchant’s account incurs one of the below items			
Per Incidence Fees – Miscellaneous Transaction Related			
PIN Debit Authorization Reversal			\$0.02250
PIN Debit Adjustment Fee			\$2.50000
PIN Debit Re-presentation Fee			\$2.50000
PIN Debit Reject Fee			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized Wireless			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized TCP/IP			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized Special/Misc.			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized Frame Relay			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized Lease Line			\$0.02250
PIN Debit Point of Sale Terminal Item Authorized Netconnect TCP/IP			\$0.02250
PIN Debit Point of Sale Terminal Item Deposited			No Charge
Point of Sale Terminal Reject Transaction			\$0.02250
3. One Time and Periodic Fees			
One Time Fees			
Not Applicable			N/A
Network Processing Fees – (Applied to every transaction) – All Network fees/Interchange are subject to change from time to time as mandated by the Debit Networks. These rates and fees are “Passed-Through” at cost.			
PIN Debit Network Fees / Interchange			Pass-Through

Agreed and Accepted by:

City of Los Angeles	200 N. Spring Street
Merchant Legal Name	Los Angeles, CA 90012
_____	Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	_____
X	_____
Signature	Date

(Internal Use Only) Agreed and Accepted by:

Paymentech, LLC for itself and on behalf of JPMorgan Chase Bank, N.A.	8181 Communications Pkwy
Merchant Legal Name	Plano, TX 75024
_____	Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	_____
X	_____
Signature	Date



Schedule A - PINless Debit

PINless Debit Assumptions

Transaction - Related Assumptions			
Annual PINless Debit Transactions	35,453	Avg. PINless Debit Transaction Amount	\$10.16

1. PINless Debit Processing Fees (transactions typical for every payment made via PINless Debit)

Authorization & Settlement Fees	
PINless CPU/Online Authorization (PNS Authorization)	\$0.02250
PINless Settled Transaction	No Charge
PINless Settled Transaction %	No Charge

2. Per Incidence Fees – charged every time Merchant’s account incurs one of the below items

PINless Debit Authorization Reversal	\$0.02250
PINless Debit Adjustment Fee	\$2.50000
PINless Debit Re-presentment Fee	\$2.50000
PINless Debit Reject Fee	\$0.02250

3. One Time and Periodic Fees

Monthly Fees	
Not Applicable	N/A

Network Processing Fees – (Applied to every transaction) – All Network fees/Interchange are subject to change from time to time as mandated by the Debit Networks. These rates and fees are “Passed-Through” at cost.

PINless Debit Network Fees / Interchange	Pass-Through
--	--------------

Agreed and Accepted by:

City of Los Angeles Merchant Legal Name	200 N. Spring Street Los Angeles, CA 90012 Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	
X	
Signature	Date

(Internal Use Only) Agreed and Accepted by:

Paymentech, LLC for itself and on behalf of JPMorgan Chase Bank, N.A. Merchant Legal Name	8181 Communications Pkwy Plano, TX 75024 Address
Printed Name	Title (Print of Type)
Authorized Representative Signature:	
X	
Signature	Date

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE CITY OF LOS ANGELES
AND
JPMORGAN CHASE BANK, N.A**

SECOND AMENDMENT TO AGREEMENT NO. C-135446

This Second Amendment to Agreement No. C-135446 for general banking and related services, is entered into by and between the City of Los Angeles, a municipal corporation, hereinafter referred to as the “City”, and JPMorgan Chase Bank, National Association, a national banking association, hereinafter referred to as the “Contractor”.

RECITALS

WHEREAS, the City Treasurer, in accordance with the requirements established by the Los Angeles City Charter, issued a Request for Proposals for qualified financial institutions that could provide general banking services to the City in order to effect the proper financial cash management and treasury transactions for all City departments and their respective financial operations; and

WHEREAS, the City evaluated and determined that the Contractor’s proposal was responsive to the City’s requirements and identified the Contractor as a leading strategic financial provider of banking services to the public sector and selected the Contractor as the most qualified bidder based on its proposal, depth of experience supporting and providing innovative treasury management solutions to government institutions; and

WHEREAS, the City and the Contractor entered into an Agreement (C-135446) for general banking services on April 20, 2020 to provide disbursement and payables services, hereinafter referenced as the “Agreement”; and

WHEREAS, the City and Contractor desire to amend the Agreement to expand the scope of services in the Agreement;

AGREEMENT

NOW, THEREFORE in consideration of the foregoing, the parties hereby agree to the following:

ARTICLE I – AMENDMENTS TO THE AGREEMENT

The parties hereby agree that the Agreement shall be amended as follows

1. Representatives of the Parties

Section 1.1 of the Agreement is amended in its entirety to read as follows:

1.1. Representatives of the Parties. The representatives of the parties who are authorized to administer this Agreement and to whom formal notices, demands, and communications will be given are as follows:

1.1.1. City Representative. The City's representative is, unless otherwise stated in the Agreement:

Diana Mangioglu Director of Finance/City Treasurer
Office of Finance
City Hall, Room 220 200 North Spring Street
Los Angeles, CA 90012
Diana.Mangioglu@lacity.org T.213.978.1774

1.1.2. Contractor Representative. The Contractor's representative is, unless otherwise stated in the Agreement:

Heather Usiski, Industry Executive
JPMorgan Bank, N.A.
300 South Grand Avenue
Los Angeles, CA 90071
heather.d.usiski@jpmorgan.com
T.949.833-4379

2. Treasury Services Primary Scope of Work

In addition to the services established in the Agreement, Contractor shall be responsible for performing the following additional services as the City's primary service provider for all the treasury and cash management services described in this section.

2.1. Depository Services

2.1.1. Commercial Deposits. Contractor shall establish commercial deposit services to allow the City to make deposits at the Contractor's designated financial facilities that include, but not limited to : a) Night Drop; b) ATM; c) Vault; d) Branch; e) Lockbox.

2.1.2. Cash Vault. Contractor shall establish cash vault deposit services for City departments.

2.1.3. Large Currency Transactions. Contractor shall provide business solutions for the City to accept, validate, record, and store large cash transactions in a secure environment at designated City facilities.

2.1.4. Coin & Currency Orders. Contractor shall establish coin and currency

order services.

2.1.5. Availability Schedule. Contractor shall provide an expedited/premium availability schedule for deposited items.

2.1.6. Image Services. Contractor shall:

- a. Establish Remote Deposit services to allow the City to create images of items payable to the City for deposit into the City's deposit accounts;
- b. Establish Image Cash Letter services to allow the City to transmit electronic files which contain digital images of multiple items for deposit; and,
- c. Provide services and procedures for electronically clearing paper items pursuant to the Check Clearing for the 21st Century Act for electronically clearing checks.

2.1.7. Location Reporting. Contractor must support deposit tickets with auxiliary Magnetic Ink Character Recognition (MICR) field for the City's location code and/transaction information. The location code must be included in the Bank Administration Institute (BAI) file.

2.1.8. Returned Item Processing. Contractor shall provide the ability to automatically redeposit returned items and identify items by location and location number used from the initial deposit.

2.1.9. Re-Presentation. Contractor shall allow the City to collect eligible re-presented check.

2.2. Account Reconciliation

2.2.1. Contractor shall provide one or more Demand Deposit Accounts with disbursement services, including full account reconciliation and positive pay services.

2.2.2. Contractor shall provide full Account Reconciliation for City disbursement accounts.

2.2.3. Contractor shall receive check issue information through data transmission.

2.2.4. Contractor shall have comprehensive monthly and custom on line reporting capabilities.

- 2.2.5. Contractor shall have procedures to allow the City to input manual items for check issue information as needed in accordance with the Contractor's timeline for same day negotiation and cashing.
- 2.2.6. Contractor shall provide daily electronic files of paid items to interface with the City's financial system and separate paid files as necessary.
- 2.2.7. Contractor shall provide Positive Pay program with on line imaging.
- 2.2.8. Contractor shall have notifications and security procedures in place for data transmissions of check issue information.
- 2.2.9. Contractor shall provide on-line access to images of checks paid, exception items, stop payments, and pay/no-pay decisions for Positive Pay

2.3. Wire Transfer Services

- 2.3.1. Web-based transfer. Contractor shall provide online, web-based comprehensive domestic and international electronic wire transfer.
- 2.3.2. Voice/Telephone. Contractor shall provide the ability for the City to initiate wire transfers by telephone.
- 2.3.3. Remote Wire. Contractor shall provide capabilities to initiate, verify, and release wire transfers remotely.
- 2.3.4. Mobile Wire. Contractor shall have a bank mobile service for wire transfer activities.
- 2.3.5. Wire Limits. Contractor shall assign non-repetitive and repetitive transaction limits, non-repetitive and repetitive approval limits and daily cumulative limits as prescribed by the City.
- 2.3.6. Segregation of Duties. Contractor shall provide for user separation of duties for initiating, verifying and releasing wire.
- 2.3.7. Reporting. Contractor shall provide acknowledgment reporting for each wire transfer.
- 2.3.8. Repetitive Wire. Contractor shall provide the City the capability to establish repetitive templates for City wire transfers.

2.4. Lockbox Services

Contractor shall provide Lockbox services to process checks and other payment instruments received at a designated P.O. Box Address.

2.4.1. Contractor shall maintain Lockbox services, including remote deposit services, to process checks and other payment instruments received at the designated P.O. Box Address.

2.4.2. Peak Volumes. Contractor shall maintain appropriate staffing levels to ensure large volumes of City remittances are processed timely during the City's peak volume periods.

2.5. Early Warning System

Contractor shall establish Early Warning System services pursuant to the *Corporate Quick Pay Service Terms* and *JPMorgan Early Warning Real-Time Payment Check with Account Owner Verification Integrated Model Service Terms* attached hereto and referenced herein as Appendix E and Appendix F.

2.6. Merchant Services

Contractor is providing transaction merchant services through its subsidiary entity, Paymentec, LLC, also known as Chase Merchant services, as part of the Contractor's receivables business solutions. In addition to those services provided by Chase merchant Services, the Contractor is also providing services to the City through its service agreement with Paymentus Corporation, pursuant to the Paymentus Electronic Billing and Payment Service Terms attached hereto and incorporated herein as Appendix G.

3. Integrated Agreement

Section 11.4 of the Agreement is amended in its entirety to read as follows:

Order of Precedence. Except as provided in Section 3.1 of this Agreement with respect to Contractor's *Account and Service Terms* having precedence over Sections 3, 4, 5, 6, 7, or 8 of this Agreement, in the event of any inconsistency between the provisions in the body of this Agreement and the attachments, the provisions of this Agreement take precedence, followed by:

- a. Standard Provisions for City Contracts (Rev 10/17v.3) (Appendix A)
- b. JPMorgan Chase Bank Account and Service Terms (Appendix B)
- c. Schedule of Fees and Charges (Appendix C)
- d. Paymentus Electronic Billing and Payment Service Terms (Appendix G)
- e. Exhibit 1 to Standard provisions for City Contracts (Rev 10.17 v3), Instructions and Information on Complying with City Insurance Requirements and Required Insurance and Minimum Limits (Form General 146) (Appendix D)

4. Appendices and Exhibits

Section 12 of the Agreement is amended in its entirety to read as follows:

- Appendix A Standard Provisions for City Contracts (Rev 10/17v.3)
- Appendix B JPMorgan Chase Bank Account and Service Terms
- Appendix C Schedule of Fees and Charges
- Appendix D Exhibit 1 to Standard provisions for City Contracts (Rev 10.17 v3), Instructions and Information on Complying with City Insurance Requirements and Required Insurance and Minimum Limits (Form General 146)
- Appendix E Corporate Quick Pay Service Terms
- Appendix F JPMorgan Early Warning Real-Time Payment Check with Account Owner Verification Integrated Model Service Terms
- Appendix G Paymentus Electronic Billing and Payment Service Terms

ARTICLE II – RATIFICATION CLAUSE

Contractor has, at the City’s request, begun performance of the services specified herein prior to the execution of this Amendment. To the extent that such services were performed in accordance with the terms and conditions of this Agreement, the City hereby acknowledges the services previously performed by Contractor since January 1, 2021 and ratifies Contractor’s performance of said services.

ARTICLE III - GENERAL PROVISIONS

Except as amended by this Second Amendment, all other terms and conditions of the Contract shall remain in full force and effect.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives:

Approved Corporate Signature Methods (Please sign in Blue Ink):

- a) One Signature: by a Corporate designated individual **together with** a properly attested resolution of Board of Directors authorizing the individual to sign on the company's behalf.
- b) Two Signatures: One from each of the following categories

THE CITY OF LOS ANGELES
a municipal corporation

JPMORGAN CHASE BANK, N.A.
a national banking association

By: _____

By: _____

DIANA MANGIOGLU
Director of Finance/City Treasurer

HEATHER USISKI
Industry Executive

Date: _____

Date: _____

Approved as to Form and Legality:

Attest:

Michael N. Feuer

Holly L. Wolcott

City Attorney

City Clerk

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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APPENDIX C
SCHEDULE OF FEES AND CHARGES

Service Code	Service Description	AFP Code	Unit Price
ACCOUNT SERVICES			
00002	NEGATIVE COLLECTED BALANCE FEE	000210	JPM PRIME + 0%
00103	NETTED NEG COLLECTED BAL FEE	000143	JPM PRIME + 0%
00105	DAILY OVERDRAFT OCCURRENCE FEE	000212	\$0.0000
00108	NEGATIVE COLLECTED BALANCE FEE	000210	\$0.1500
01005	ACCOUNT MAINTENANCE	010000	\$5.0000
01006	ACCT MAINT - INT	010010	\$25.0000
01008	ACCT MAINT - INT ADJ BAL	010010	\$100.0000
01010	STATEMENT CYCLES	010307	\$0.0000
01014	ACCOUNT STATEMENT - PAPER	010310	\$0.0000
01015	STATEMENT CYCLES - ENHANCED	010307	\$0.0000
01019	DDA IMAGE STATEMENTS	010320	\$0.0000
01025	STATEMENT PHOTOCOPY	010320	\$4.0000
01076	AUDIT CONFIRMATIONS	010630	\$0.4500
01304	ARP PAID ITEM RETURN CREDIT	010101	\$0.0000
01756	ONLINE AUDIT CONFIRMATIONS	010630	\$0.0000
01761	CHECK IMAGE REQUEST	151352	\$10.0000
01762	CHECK IMAGES RETRIEVED	151352	\$0.0500
02314	OD NETTING MONTHLY MAINT FEE	600410	\$0.0000
02315	OVERDRAFT NSF ITEM RETURNED	150340	\$5.0000
02316	OVERDRAFT NSF ITEM PAID	150341	\$5.0000
03499	POST NO CHECKS MAINTENANCE	1500ZZ	\$0.0000
07856	CASH CONCENTRATION MAINTMASTER	010020	\$10.0000
07857	CASH CONCENTRATION MAINT SUB	010021	\$5.0000
07640	CREDIT POSTED - ELECTRONIC	010101	\$0.0200
07641	DEBIT POSTED - ELECTRONIC	010100	\$0.0200
AUTOMATED CLEARING HOUSE			
01142	1142 - ARC INELIGIBLE DATABASE LOOKUP	250720	\$0.0030
02237	TRANS REVIEW MAINTENANCE	250000	\$2.0000
02238	TRANS REVIEW FILTER EXCEPTION	250102	\$0.2500
02239	TRANS REVIEW REJECT - MANUAL	250302	\$5.0000
02267	ACH NOC DATABASE - MAINTENANCE	250610	\$500.0000
02268	PAYSOURCE ORIGINATED ITEM	250102	\$0.0300
02695	ACH MAINTENANCE	250000	\$15.0000
02700	CREDIT ORIGINATED	250101	\$0.0200
02705	DEBIT ORIGINATED	250100	\$0.0200
02710	DELETION /REVERSAL - MANUAL	250620	\$30.0000
02714	ACH IMPLEMENTATION-DIRECT SEND	251000	\$1,000 - Waived
02716	CREDIT RECEIVED	250201	\$0.0200
02717	DEBIT RECEIVED	250200	\$0.0200
02720	RETURN ITEM	250302	\$0.7500
02722	NOTIFICATION OF CHANGE	251070	\$0.7500
02729	RETURN NOTIFICATION - ONLINE	250400	\$1.0000
02730	NOTIF OF CHANGE - ONLINE	250400	\$1.0000
02732	ELOCKBOX FILE PROCESSING	259925	\$0.0000
02742	CREDIT ORIGINATED - JPM ACCESS	250101	\$0.0500
02740	RETURN ITEM REDEPOSIT	250400	\$1.0000
02744	DEBIT ORIGINATED - JPM ACCESS	250100	\$0.0500
02746	JPM ACCESS ACH MAINTENANCE	250000	\$15.0000
02751	ELOCKBOX RETURN - ELECTRONIC	250302	\$2.5000

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SCHEDULE OF FEES AND CHARGES

02752	ELOCKBOX NOC - ELECTRONIC	251070	\$2.5000
02753	DELETION/REVERSAL - ELEC	250620	\$1.0000
02765	ACH BATCH/FILE PROCESSED	250501	\$5.0000
02796	ADDENDA RECORD ORIGINATED	250120	\$0.0200
02809	NOTIF OF CHANGE - EMAIL	251070	\$1.0000
02810	RETURN NOTIFICATION - EMAIL	250400	\$1.5000
02812	NOTIF OF CHANGE - FAX	251071	\$2.0000
02814	NOTIF OF CHANGE - TRANSM	251070	\$1.0000
02818	RETURN NOTIFICATION - TRANSM	250400	\$1.0000
02821	RETURN NOTIFICATION - FAX	250401	\$1.0000
05488	ELOCKBOX IMPLEMENATION	251000	\$1,000 - Waived
02860	DEBIT BLOCK MAINTENANCE	251050	\$5.0000
02861	ACH ADA AUTHORIZED ID	251051	\$0.5000
03175	TAX PAYMENT ORIGINATED	250199	\$3.0000
03181	TAX PAYMENT SUMMARY REPORT	250799	\$15.0000
03183	TAX PAYMENT CONFIRMATION	250720	\$1.0000
03440	ARTIFICIAL INTEL MAINTENANCE	259999	\$50.0000
03441	ARTIFICAL INTEL ITEM SCANNED	259999	\$0.0020
06501	TAX PAYMENT MONTHLY FEE	259999	\$0.0000
05489	ELOCKBOX MAINTENANCE	050300	\$25.0000
05490	ELOCKBOX TRANSACTION RECEIVED	050300	\$0.0300
05491	ELOCKBOX TRANSACTION REFORMAT	050311	\$0.0400
05492	ELOCKBOX RETURN - MANUAL	050530	\$12.0000
05493	ELOCKBOX ADDENDA RECEIVED	250220	\$0.0200
05497	ELOCKBOX TRN REPAIR MAINT	999999	\$0.0000
05498	ELOCKBOX TRN REPAIR ITEM EDIT	999999	\$0.0400
08003	EWS Account Authentication	250101	\$0.3000
08019	ACH ORIGINATED SAME DAY CREDIT	250101	\$0.5000
08020	ACH ORIGINATED SAME DAY DEBIT	250101	\$0.5000
08021	ACCESS ACH CREDIT - SAME DAY	250101	\$0.7500
08022	ACCESS ACH DEBIT - SAME DAY	250101	\$0.7500
08023	ACH UNAUTHORIZED ENTRY FEE	250312	\$4.5000
07619	TRANSACTION SUMMARY REPORT	250702	\$3.0000
02845	UPIC (ACH) PER ITEM CHARGE	050300	\$0.0300
02847	UPIC (ACH) MONTHLY MAINTENANCE	050030	\$3.0000
BAI/SWIFT/ISO REPORTING			
03645	DT FILE IMPLEMENTATION FEE	4004ZZ	\$1,000 - Waived
03653	FILE TRANSMISSION - IRIS	4004ZZ	\$1.0000
03654	H2H FILES TRANSMITTED OVER 5MB	4004ZZ	\$5.0000
06080	H2H CURRENT DAY MONTHLY SVC	4004ZZ	\$50.0000
06085	H2H ACCOUNTS REPORTED	4004ZZ	\$5.0000
06093	BAI PER CHECK ITEM CHARGE	400110	\$0.0300
06094	BAI PRIOR DAY EXTENDED DETAIL	400110	\$0.0075
06095	BAI PRIOR DAY TRANSACTOINS	400110	\$0.0300
BRANCH CENTER SERVICES			
01306	BRANCH CREDITS POSTED	100000	\$2.0000
01314	BRANCH DEPOSIT - IMMEDIATE VERIF	100000	\$0.0060
01316	BRANCH DEPOSIT - BAGGED COIN	100012	\$7.5000
01318	BRANCH ORDER - COIN ROLL	100044	\$0.1000
01319	BRANCH ORDER CURRENCY STRAP	10004A	\$0.4000
01320	BRANCH DEPOSIT IN NON STD BAG	100099	\$2.0000
01327	BRANCH DEPOSIT - POST VERIF	100007	\$0.0018

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01332	BRANCH DEPOSIT ADJUSTMENT	100500	\$0.0000
01333	BRANCH ORDER PROCESSED	100040	\$3.5000
07173	NIGHT DROP CASH VERIFICATION	100000	\$0.0020
7174	TELLER LINE VERIFICATION	100000	\$0.0040
CHASE ONLINE SERVICES			
06752	CCO ADDITIONAL ACCOUNT FEE	401000	\$10.0000
06753	BILL PAY TRANSACTION	999999	\$0.5000
06759	VENDOR PAYMENT TRANSACTION	999999	\$0.5000
06772	CCO PREMIUM PLUS MONTHLY FEE	401000	\$150.0000
DEPOSITORY SERVICES			
01400	CREDITS POSTED	010101	\$1.0000
00501	CHECKS DEPOSITED - ON US	100220	\$0.0500
00513	CHECKS DEPOSITED - TRANSIT	100224	\$0.1500
00519	IMAGE GROUP ONE	100214	\$0.0150
00520	ON US STANDARD	100210	\$0.0150
00521	IRD PERIOD ONE	100214	\$0.0600
00524	FILE TRANSMISSION REC. - VPN	100210	\$150.00 Flat Fee
00526	IMAGE GROUP TWO	100214	\$0.0150
00528	IMAGE GROUP TWO - TIER 2	100214	\$0.0150
00541	REMOTE DEPOSIT CAPTURE ITEM	101320	\$0.0100
00548	REMOTE DEPOSIT CAPTURE MAINT	101300	\$5.0000
00704	DEPOSIT CORRECTION	100230	\$5.0000
00746	ON US PREMIUM	100210	\$0.0150
00748	ICL DEPOSIT LATE	100200	\$2.0000
00751	IMAGE GROUP ONE - PERIOD TWO	100214	\$0.0150
00752	IMAGE GROUP ONE - PERIOD THREE	100214	\$0.1200
00756	ICL DEPOSIT STANDARD	100200	\$0.5000
00757	IMAGE QUALITY SUSPECTS	999999	\$0.2500
00758	NON-CONFORMING IMAGE ITEMS	999999	\$5.0000
00759	ICL DEPOSIT EARLY	100200	\$1.0000
01435	RETURN ITEM	100400	\$4.0000
01437	RETURN MULTIPLE LOCATIONS	100430	\$0.6000
01438	RETURN ALTERNATE ADDRESS	100401	\$0.5000
01441	RETURN FAX COPY	100415	\$3.0000
01446	RETURN IMAGE	100415	\$0.2500
01448	RETURN DETAIL REPORTING	100411	\$0.5000
01450	RETURN ITEM REDEPOSIT	100402	\$3.0000
01452	RETURN - EMAIL NOTIFICATION	100419	\$1.0000
DISBURSEMENT SERVICES			
01030	CHECK PHOTOCOPY RETRIEVAL	010610	\$5.0000
01321	CHECK CASHING NON-ACCT HOLDER	150501	\$0.0000
02205	CONTROLLED DISB ACCT MAINT	150000	\$10.0000
02210	CONTROLLED DISB CHECK POSTED	150110	\$0.0400
02310	RANGE STOP PAYMENT - ELECTRONIC	150410	\$50.0000
02370	CHECK / DEBIT POSTED	010100	\$0.0800
03470	CHECK PRINT MAINTENANCE	150040	\$50.0000
03471	TS PRNT OUTSRCING SETUP	151880	\$0.0000
03472	CHECK PRINT PER ITEM	151810	\$0.3500
03475	CHECK PRINTING ADDL PAGE	151830	\$0.2000
03476	CHECK PRINT MANUAL PULL	151820	\$35.0000
03477	CHECK PRINT REGISTER FILE	151800	\$10.0000
03487	CHECK PRINT POSTAGE	151850	\$0.4230

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03488	CHECK PRINT FOREIGN POSTAGE	151850	\$0.9800
03306	PAPER CHECK RETURN	159999	\$0.1500
02320	STOP PAYMENT - MANUAL	150420	\$25.0000
02324	STOP PAYMENT- ONLINE	150410	\$8.0000
02325	OFFICIAL CHECKS	150511	\$5.0000
02338	STOP PAYMENT AUTOMATIC RENEWAL	150412	\$0.2500
02360	DELUXE	3RD PA	Pass-through
03290	ISSUE FILE TRANSMITTAL REPORT	209999	\$4.0000
03377	IMAGE TRANSMISSION PER ITEM	151351	\$0.0100
03378	IMAGE TRANSMISSION PER TRANS	151354	\$20.0000
03495	IMAGE STORAGE PER ITEM	151351	\$0.0050
05234	CONTROLLED DISB FUNDING	010112	\$0.4000
06618	PAYABLES WEB SERVICE CHECK INQUIRY MAINTENANCE	151710	\$0.0000
06620	RECON REPORT/STATEMENT MAINT	200306	\$0.0000
06621	IMAGING MAINTENANCE	151350	\$0.0000
06625	EXCEPTION NOTIFICATION - ACCT	150030	\$2.0000
06634	EXTENDED PAID CHK DATA STORAGE	400800	\$0.0500
06636	RPP EXCEPTION REVIEW MAINT	150031	\$20.0000
06637	EXTENDED REPORT RETRIEVAL	999999	\$0.0000
06638	REVERSE POSPAY EXCEPTIONS	999999	\$0.0500
06641	DATA DOWNLOAD	200306	\$20.0000
06639	STOP PAYMENT - ELECTRONIC	150410	\$5.0000
06644	ISSUE INPUT UPLOAD	200201	\$0.0000
06645	IMAGE RETRIEVAL PER RETRIEVE	151352	\$0.0000
06646	IMAGE RETRIEVAL > 91 DAYS		\$0.0000
07715	CHECK PRINT DIRECT ENTRY	151810	\$3.0000
07772	CHECK PRINT ONLINE MAINT	150040	\$75.0000
	FUNDS TRANSFER SERVICES		
05443	SOFTI STANDARD CALCULATION	409999	\$8.0000
05445	FW SURCHARGE POST 5PM RECEIPT		\$0.2100
05446	FW SURCHARGE \$10 MILLION + D/C		\$0.1400
05447	FW SURCHARGE \$100 MILLIION+ D/C	350599	\$0.3600
05822	ELECTRONIC BOOK DEBIT S/T	350124	\$5.0000
05823	ELECTRONIC BOOK DEBIT REPAIR	350122	\$7.5000
05824	ELECTRONIC FED DEBIT S/T	350100	\$2.0000
05825	ELECTRONIC FED DEBIT REPAIR	350102	\$15.0000
05826	ELECTRONIC CHIP DEBIT S/T	350110	\$12.0000
05827	ELECTRONIC CHIP DEBIT REPAIR	350541	\$15.0000
05836	ELECTRONIC FX DEBIT	600221	\$10.0000
05842	BANK INITIATED FED DEBIT	350220	\$25.0000
05845	BANK INITIATED ACCOUNT DEBIT TRANSFER	350220	\$50.0000
05848	PHONE OPERATOR FED DEBIT	350200	\$35.0000
05878	INTERNATIONAL ELEC. DEBIT	350703	\$30.0000
05882	REPETITIVE INSTRUCTION STORAGE	350551	\$0.0000
05883	FED TRANSFER FEE	350599	\$0.0000
05884	CHIPS MESSAGE FEE	350599	\$0.0000
05886	BOOK CREDIT	350320	\$4.0000
05887	FED CREDIT S/T	350300	\$2.0000
05888	FED CREDIT REPAIR	350330	\$9.5000
05889	CHIPS CREDIT S/T	350300	\$5.0000
05927	MAIL DEBIT ADVICE	350412	\$1.0000
05928	MAIL CREDIT ADVICE	350412	\$1.0000

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05933	DIRECT DELIVERY WIRE NOTIFY 1-2	1-	\$0.5000
05961	DRAWDOWN FED DEBIT	350521	\$16.0000
05962	ELEC DRAWDOWN FED REQUEST	350521	\$3.5000
05964	INVESTIGATION ADVICE - ALL	350560	\$65.0000
05967	RTURNED PAYMENT INVESTIGATION	350560	\$50.0000
05968	UNEXECUTED PAYMENT	350560	\$30.0000
05972	AUTOMATED PHONE INQUIRY	350560	\$0.0000
05978	ESERVE INVESTIGATION	350560	\$0.0000
06327	INVESTIGATION ADVICE - ALL	350402	\$0.0000
INTERNATIONAL SERVICES			
03941	DEPOSITED CHECK - CANADIAN	609999	\$2.5000
03943	FOREIGN CHECK DEPOSIT (GROUP 1)	1)	\$15.0000
03946	FOREIGN CHECK DEPOSIT (GROUP 2)	2)	\$15.0000
03947	FOREIGN CHECK RETURN (CAD)	609999	\$20.0000
03948	FOREIGN CHECK COLLECTION	609999	\$75.0000
05115	FOREIGN CHECK COLLECTION RETURN	609999	\$20.0000
INVESTMENT SERVICES			
07849	INVESTMENT SWEEP - MAINT	450020	\$0.0000
JPMORGAN ACCESS			
06040	CLIENT MAINTENANCE	400610	\$50.0000
06041	ACCOUNT MAINTENANCE	40044Z	\$15.0000
06043	TRANSACTIONS REPORTED - 45 DAY		\$0.1500
06044	TRANSACTIONS REPORTED - 90 DAY		\$0.0300
06045	TRANSACTIONS REPORTED - 1 YEAR		\$0.2800
06051	TRANSACTIONS REPORTED - 2 YEAR		\$0.3500
06052	CONT DISB CHECKS REPORTED	40066Z	\$0.0300
06053	EXTENDED TRANSACTION DETAIL	40066Z	\$0.0000
06075	ACCESS ACCOUNT TRANSFER MAINT	400699	\$0.0000
06076	ACCT TRANSFER	400699	\$1.0000
	JPMORGAN ACCESS MOBILE		Free
NON FINANCIAL EDI			
04228	EDI 828 ISSUE FILE ITEM		\$0.0100
04229	EDI 828 PAID FILE ITEM		\$0.0100
04428	EDI 821 FINANCIAL INFO RPTG		\$0.1000
04429	EDI 821 EXCEPTION ITEM		\$0.7500
PAYSOURCE/PAYSTREAM			
01033	EDI 822 ANALYSIS MODULE MAINT		\$35.0000
01034	EDI 822 ANALYSIS ACCT MAINT		\$5.0000
03606	PAYSOURCE TEST FILE FEE	300440	\$250.0000
03608	PAYSOURCE MTHLY MAINT (PER ID)	3000ZZ	\$50.0000
03609	PAYSOURCE IMPLEMENT BASIC	300400	\$0.0000
03622	PAYSOURCE TRANSACTION FEE	300112	\$0.0400
03629	SPLIT REMIT DELIV VIA INTERNET	300105	\$2.5000
03630	H2H PAYMENT FILE TRANSMISSION		\$5.0000
07215	H2H MONTHLY MAINTENANCE FEE		\$100.0000
03609	PAYSOURCE IMPLEMENTATION \$		\$4,500 - Waived
PREMIUM ASSESSMENT FEE			
00035	PREMIUM ASSESSMENT FEE (Bank Managed Rate)	000230	Currently 0.13%
RECEIPTSTREAM/ENH RECEIVER SERVICES			
02629	R\$ EDI RPTG SUM REPORT	300524	\$1.0000
02631	EDI DETAIL REPORT - JPM ACCESS	300524	\$2.0000
02639	R\$ EDI RCVNG IMPLEMENTATION	300320	\$1,000.00 - Waived

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02642	R\$ EDI RCVNG MONTHLY MAINT	300010	\$25.0000
02661	R\$ EDI FAX REPORT	300121	\$2.5000
02669	RECEIPTSTREAM SEGMENT FEE	300210	\$0.0300
04211	R\$ FILE PROCESSING	300200	\$0.0000
04218	R\$ EDI EMAIL REPORT	300225	\$2.5000
RECONCILIATION SERVICES			
03205	FULL RECONCILIATION - PER ITEM	200110	\$0.0200
03207	FULL RECONCILIATION - MAINT	200010	\$20.0000
03209	PARTIAL RECONCILIATION - MAINT	200020	\$10.0000
03210	PARTIAL RECONCILIATION - PER ITEM	200120	\$0.0150
03228	PAYEE NAME VERIFICATION	150122	\$0.0200
03262	POSITIVE PAY MAINTENANCE	150030	\$0.0000
03263	EXCEPTION ITEM	150300	\$0.5000
03268	PP NON RECON MAINTENANCE	150030	\$0.0000
03269	ISSUE INPUT WITHOUT RECON	200201	\$5.0000
03270	POS PAY WITHOUT RECON ITEMS	150120	\$0.0400
03271	ISSUE INPUT FILE WITH RECON	200201	\$3.0000
03272	CHECK EXCEPTION RETURN	150320	\$3.5000
03291	OUTPUT FILE	200301	\$7.0000
03293	EXCESSIVE ARP REJECTS	200210	\$0.1500
03294	DATA ENTRY - MANUAL	200210	\$2.0000
03348	ARP SHIPPING PREP FEE	1512ZZ	\$15.0000
03376	ARP CUSTOM REPORT	200324	\$0.0000
03384	CD ROM	151353	\$15.0000
03385	CD ROM MAINTENANCE	151353	\$30.0000
03386	IMAGE CAPTURE PER ITEM	151351	\$0.0100
03322	DEPOSIT RECON MAINTENANCE	100600	\$60.0000
03325	DEPOSIT RECON ITEMS	100610	\$0.1000
03348	ARP SHIPPING PREP FEE	1512ZZ	\$15.0000
CORPORATE QUICK PAY			
05159	CORPORATE QUICK PAY PROGRAM MAINTENANCE	250000	\$125.0000
05160	CORPORATE QUICK PAY PAYMENTS DECLINED/EXPIRED	250101	\$0.2000
05161	CORPORATE QUICK PAY PAYMENTS ACCEPTED	250101	\$0.7500
VAULT SERVICES			
01310	VAULT DEPOSIT	100100	\$1.2500
01459	VAULT DEPOSIT PER \$1,000		\$0.7000
01461	VAULT DEPOSIT RECEIPT MAILERS	100154	\$0.0000
01468	VAULT EMAIL NOTIFICATION	100154	\$0.5000
01475	VAULT DEPOSIT ROLLED COIN	100110	\$0.2000
01476	VAULT ORDER COIN ROLLS	100144	\$0.1000
01477	VAULT ORDER - COIN ROLL BOX	100115	\$0.0800
01479	VAULT ORDER COIN BAG LOOSE	100147	\$3.7500
01482	VAULT DEPOSIT STD STRAP - NOTE	100115	\$0.0000
01485	VAULT NOTE-SPECIALIZED	100115	\$0.0000
01486	VAULT DEPOSIT NON STD STRAP - NOTE	100114	\$0.0000
01493	VAULT DEPOSIT IN NON STD BAG	100199	\$1.0000
01495	VAULT STANDARD ORDERS	100141	\$2.0000
01497	VAULT ORDER CURRENCY STD STRAP	10014A	\$0.2000
01498	VAULT EXPEDITED SPECIAL ORDERS	100143	\$25.0000
01499	VAULT ORDER CURR NON STD STRAP	100148	\$0.0250
01506	VAULT DEP PARTIAL OR MIXED BAG	100111	\$3.5000
01525	VAULT DEPOSIT STD COIN BAG	100113	\$0.8000

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01535	VAULT ENVELOPE DEPOSIT VERIF	100104	\$1.0000
01540	VAULT ACTIVITY REPORT MAILED	100199	\$50.0000
01545	VAULT ACTIVITY REPORT FAXED	100199	\$25.0000
01573	VAULT ORDER SUPPLIES	1008ZZ	\$0.0000
01617	VAULT DEPOSIT ADJUSTMENT	100501	\$5.0000
01618	VAULT DEPOSIT ADJUSTMENT NOTIF	100520	\$5.0000
01624	WEB CUR SVCS - DEPOSIT DETAILS	100199	\$1.0000
01627	WEB CUR SVCS - VAULT TREND REPORT	100199	\$2.0000
01620	SMART SAFE MAINTENANCE	100199	\$50.0000
01621	SMART SAFE ADVANCE CREDIT	100199	\$5.0000
01624	WEB CUR SVCS-DEPOSIT DETAILS	100199	\$1.0000
01100	ARMORED CARRIER FEES	999999	Pass-through
	BANKING SERVICES SUPPLIES		Pass-through
	RECEIVABLES EDGE IMAGE ARCHIVE AND SERVICE		
00548	REMOTE DEPOSIT CAPTURE MAINT	101300	\$5.0000
00541	REMOTE DEPOSIT CAPTURE ITEM	101320	\$0.0100
06160	VIRTUAL REJECT (AUTO)	050530	\$0.1500
06161	VIRTUAL REJECT (MANUAL)	050530	\$1.0000
06185	EXTENDED IMAGE STORAGE	050428	\$0.0050
06187	LONG TERM STORAGE - CHECK	050620	\$0.0300
06188	LONG TERM STORAGE - B&W DOC	050620	\$0.0600
06140	DOCUMENT IMAGE CAPTURE	05011R	\$0.0800
06141	SNLB OCR DOC IMAGE CAPTURE	05011R	\$0.0200
06142	SPECIAL IMAGE HANDLING	50511R	\$0.0200
06852	DATA TRANSMISSION MAINTENANCE	050400	\$50.0000
06853	DATA TRANSMISSION ITEM	050401	\$0.0000
06855	IMAGE TRANSMISSION MAINTENANCE	050420	\$50.0000
06856	IMAGE TRANSMISSION PAGE	050420	\$0.0000
	SCANNABLE LOCKBOX		
06107	SNLB SCANNABLE ITEM	50101	\$0.1800
06108	SNLB OCR DOCUMENT	50122	\$0.0100
06209	SNLB SORT - MANUAL	050113	\$0.2000
06210	SNLB BALANCING	05011P	\$0.1000
06255	SNLB CREDIT CARD AUTHORIZATION	05013A	\$2.0000
	WHOLESALE LOCKBOX		
06101	LOCKBOX - MAINT	050001	\$100.0000
06102	WNLB ADDITIONAL DAILY DEPOSIT	050302	\$25.0000
06106	WHOLESALE ITEM	050100	\$0.3500
06114	UNPROCESSABLE ITEM	050530	\$0.3800
06115	NO CHECK ITEM	05011M	\$0.3800
06116	CHECK CLEARING	10021Z	\$0.0500
06117	INCOMING COURIER PACKAGE	05011P	\$8.0000
06120	CASH PROCESSING	05013B	\$11.0000
06121	WNLB CREDIT CARD AUTHORIZATION	05013A	\$2.0000
06126	CHECK MICR CAPTURE	050121	\$0.0250
06127	DATA CAPTURE	050126	\$0.0120
06135	PAPER DELIVERY PREP	05011L	\$0.2500
06136	OUTGOING PACKAGE PREP	05041Z	\$25.0000
06137	COURIER DELIVERY SERVICE	050413	\$1.4000
06138	POSTAGE	050410	\$0.4029
06140	DOCUMENT IMAGE CAPTURE	05011R	\$0.0800
06141	SNLB OCR DOC IMAGE CAPTURE	05011R	\$0.0800

C-135446
APPENDIX C
SCHEDULE OF FEES AND CHARGES

06142	SPECIAL IMAGE HANDLING	05011R	\$0.2000
06154	ADDITIONAL PROGRAMMING		\$100.0000
06169	GROUPS/SORTS-SIMPLE	050112	\$0.1500
06170	WNLB GROUP/SORTS - COMPLEX	050113	\$0.2000
06171	WNLB BALANCING	05011P	\$0.1500
06172	SPECIAL HANDLING OTHER	05011P	\$0.5000
06174	MULTIPLE DEPOSIT ACCOUNTS	050316	\$25.0000
06245	DEPOSIT PREPARATION	050301	\$2.0000
06832	CONSULTING SERVICES	059999	\$100.0000
INT REC & PAY - COLLECT			
06158	REMOTE LOCKBOX CAPTURE MAINT	101300	\$20.0000
06159	REMOTE LOCKBOX CAPTURE ITEM	101320	\$0.5000
06160	VIRTUAL REJECT (AUTO)	050530	\$0.1500
06161	REMOTE LOCKBOX CAPTURE REJECT	050530	\$1.0000
06293	VIRTUAL REMIT OCR ITEM	101320	\$0.3500
06870	VIRTUAL REMIT MOBILE MAINT	101300	\$250.0000
06871	VIRTUAL REMIT MOBILE ITEM	101320	\$0.5000
06872	REMOTE LOCKBOX CAPTURE MOBILE	101300	\$1.0000
INT REC & PAY - RECONCILE			
06805	ONLINE DECISION MGR MAINT	050006	\$150.0000
INT REC & PAY - REPORT			
06152	CD ROM - PER CD	050423	\$50.0000
06179	RECEIVABLES MAINT - ONLINE	050005	\$25.0000
06187	LONG TERM STORAGE - CHECK	050620	\$0.0200
06188	LONG TERM STORAGE - DOCUMENT	050620	\$0.0400
06198	RECEIVABLES MAINT - REPORTS	05031Z	\$25.0000
06202	CD ROM MAINTENANCE	050423	\$100.0000
06280	RECEIVABLES MAINT - RETURNS	100416	\$25.0000
06800	TRANSMISSION MAINT - INBOUND	050400	\$100.0000
06844	RECEIVABLES PRESENTMENT MAINT	409999	\$60.0000
06846	LONG TERM STORAGE - PAYMENT	050620	\$0.0300
06852	TRANSMISSION MAINT - DATA	050400	\$50.0000
06853	TRANSMISSION PER ITEM - DATA	050401	\$0.0000
06855	TRANSMISSION MAINT - IMAGE	050420	\$50.0000
06856	TRANSMISSION PER ITEM - IMAGE	050420	\$0.0000



JPMORGAN EARLY WARNING REAL-TIME PAYMENT CHECK WITH ACCOUNT OWNER VERIFICATION INTEGRATED MODEL SERVICE TERMS

V1.0_07_28_20

JPMorgan Chase Bank, N.A. (the "Bank") will provide the undersigned customer (the "Customer") with the EWS Service, as hereafter defined, and such other services as are described in these Service Terms. The provisions of the Bank's account documentation, including terms and conditions governing the operation of business accounts and services, as well as the Electronic Channels Service Terms ("Channels Terms"), ACH Origination Service Terms and other applicable service terms (collectively, "Account Documentation"), are incorporated into these Service Terms by reference and form a part thereof. Capitalized terms used and not otherwise defined in the body of these Service Terms are defined in Section 15 hereof.

1. Service.

1.1. General. On the terms and conditions set forth herein, Bank shall provide Customer with the Early Warning Real-time Payment Chek® service with Account Owner Authentication capability, and such other services provided by Early Warning Services LLC ("EWS") that may be offered by the Bank from time to time (the "EWS Service"), subject to the terms set forth in these Service Terms and the Connectivity Agreement. For the avoidance of doubt, the EWS Service is a "Service" under the Account Documentation.

1.2 Accessing the EWS Service through Integrator Connectivity. Customer will access the EWS Service through a direct connection with the Bank pursuant to these Service Terms, and the Channels Terms ("Integrator Connectivity") using one of the connectivity methods and associated security procedures set forth in the Channels Terms; Bank will advise Customer which connectivity method(s) is/are available for access to the EWS Service. Bank will also advise Customer of formatting and content requirements, including those requirements set forth in the Documentation, in order to receive the EWS Service. The Bank may reject or delay processing of Inquiries or Response Data if the Customer's instructions or information are not complete or otherwise do not meet the standards the Bank or EWS specify for acceptance; the Bank will notify the Customer of any Inquiries or Response Data that are not processed for this reason.

1.3 Customer hereby represents and warrants (a) that it is a business entity that has operated as a business entity for a period of not less than one (1) year prior to the commencement of the EWS Service or is a Government Agency, (b) if Customer has selected accessing AOA, that Customer's annual revenue is in an amount equal to \$10 million or greater for the immediately preceding fiscal year, as reported in Customer's public filings or demonstrated by such other evidence that is provided by Customer, and (c) that it is not a Financial Services Organization (unless approved by EWS).

1.4 In addition, Customer hereby certifies that Customer shall be the end user of the EWS Service and the Response Data and other information obtained through the use of the EWS Service, and Customer shall use the EWS Service, Response Data, Processed Data and other information obtained through the EWS Service in accordance with Sections 2 and 3 of Exhibit A annexed hereto (**Authorized Use of the EWS Service**), and (iii) neither Processed Data, Response Data nor such other information shall be used for any other purpose at any time. Customer shall ensure that the foregoing certifications remain true with respect to Customer at all times during the term of these Service Terms. Upon Bank's request from time to time, Customer shall provide Bank and EWS a written attestation that the foregoing certifications are true and correct with respect to the Customer.

2. Documentation. The Bank shall distribute the Documentation for the EWS Service to Customer as reasonably required by, or agreed upon with, EWS. The Bank shall also provide any amendments to or revised versions of the Documentation to Customer as the same are made available by EWS where such amendments and revisions are material in nature and made for technical purposes. The Bank may direct Customer to EWS for response if Customer has questions or concerns regarding such amendments or revisions. Customer acknowledges that the standard Documentation may be periodically updated by EWS or Bank from time to time based upon changes required by Bank's or EWS' product teams, legal teams, senior management and/or governing bodies.

3. Inquiries and Bank Provision of Response Data or Processed Data in Accordance with Customer's Pre-Selected Criteria.

3.1 Customer Data; Compliance with Exhibit A. Customer shall comply with all applicable requirements of Exhibit A (**Authorized Use of the EWS Service**), including, without limitation, requirements relating to authorized uses of Response Data and Processed Data. Customer shall transmit all Inquiries for the EWS Service to Bank pursuant to the Documentation and Exhibit A, and Bank shall thereafter transmit such Inquiries to EWS. For each Inquiry properly transmitted to the National Shared Database by Customer through Bank, EWS will transmit Response Data to Bank on behalf of Customer. Bank, acting as Customer's processor, will then either provide the Response Data directly to Customer unchanged from the form transmitted to Bank by EWS or process such Response Data on behalf of Customer, and at Customer's request, map such Response Data into responses based on criteria that have been pre-set by Customer (such responses hereafter called "**Processed Data**") that Bank will then provide to Customer. Mapping will be done in accordance with instructions provided by EWS. The Processed Data may be provided in the form of the Customer's decision based on its pre-set criteria, such as "accept" or "decline." Customer acknowledges and agrees that Processed Data is time-sensitive and only intended to be used by Customer in connection with the specific Inquiry for which it was furnished. If agreed upon by Customer and Bank, Bank shall, upon completion of the processing and mapping of EWS Response Data into Processed Data, either execute or reject the instruction initiated by Customer pursuant to Customer's decision.

3.2 If Bank transmits Response Data to Customer unchanged (not mapped into Processed Data) or in the form of Processed Data, Customer agrees that if Customer uses such Response Data or Processed Data to take adverse action against the consumer about whom the Response Data/Processed Data relates, such consumer will be referred to EWS for handling disputes concerning the completeness or accuracy of any item of information contained within the Response Data or Processed Data.



3.3 Bank will assign Customer a unique identification number ("Client ID"). Additionally, if Inquiries are transmitted for multiple divisions or affiliates of Customer, Bank will assign each such division and/or affiliate of Customer a unique Client ID that will be include in all Inquiries transmitted to EWS for Customer. Customer agrees that EWS may define how the various Client ID fields within the Inquiry file are required to be populated during the implementation phase for Customer.

3.4 Customer agrees that EWS may limit or prohibit the markets and/or types of businesses that are eligible to receive Processed Data or any other response that is comprised of or derived from, in whole or in part, Response Data. Bank will provide Customer with information relating to such limitations or prohibitions. EWS or Bank may require Customer to provide information and/or documentation to EWS to allow EWS to verify that Processed Data or other responses that are comprised of or derived from, in whole or in part, Response Data, are being provided only to those markets and/or types of business that are eligible to receive such responses, and Customer agrees to comply with all such requirements. It is understood and agreed that EWS may require that Bank cease providing Processed Data or Response Data to Customer if EWS determines that Customer is conducting business of the type and/or within a market that is ineligible to use the EWS Service as described above.

3.5 As part of the EWS Service, Bank may furnish a decline notice to the intended recipient of a transaction if Customer's pre-set criteria for Processed Responses instructs Bank to reject such transaction on Customer's behalf. It is understood and agreed that such decline notices are not adverse action notices or any other notification sent pursuant to the FCRA, and that Customer is solely responsible for sending any required adverse action notices pursuant to Section 4.1.6 and Exhibit B and otherwise complying with FCRA as an end user of consumer reports under FCRA.

4. Additional Customer Rights and Responsibilities.

4.1 Restrictions on Use of the Response Data.

4.1.1 Customer agrees not to sell, resell, sublicense or otherwise transfer any part of the Response Data to any other person or entity, except (i) for a transfer to an affiliate of such Customer with a need-to-know for internal use of Customer, and subject to all Applicable Laws, or (ii) as may be required by Applicable Laws.

4.1.2 Without limitation of the foregoing, Customer shall not transmit Response Data to any customer of Customer or any other third party, or allow any third party to access the Response Data, or sell, resell, sublicense, or otherwise transfer any part of the Response Data to any other person or entity. Customer agrees that the Response Data is time-sensitive and only intended to be used in connection with the specific inquiry for which it was requested.

4.1.3 Customer shall not merge, aggregate or compile Response Data into any other database for use in connection with future Inquiries. If Customer uses Response Data to take adverse action against the consumer about whom the Response Data relates, Customer agrees to refer such consumer to EWS for handling disputes concerning the completeness or accuracy of any item of information contained within the Response Data. Customer shall provide Bank with concurrent notice of any such dispute referred to EWS.

4.1.4 Customer shall prohibit any customer of Customer that receives a response that is comprised of or derived from, in whole or in part, Response Data, from selling, reselling, sublicensing, or otherwise transferring any part of such response to any other person or entity, unless approved in writing by EWS. EWS may limit or prohibit the markets and/or types of business that are eligible to receive a response that is comprised of or derived from, in whole or in part, Response Data.

4.1.5 Customer acknowledges receipt of the notices attached hereto as Exhibit B, which describe certain obligations of (a) furnishers of information to consumer reporting agencies and (b) users of consumer reports. Customer shall at all times comply with Exhibit B regarding permissible purposes for use of Response Data, consumer reports, required certifications and notifications to consumers of adverse action. EWS shall have the right to suspend the provision of the EWS Service for a Customer's non-compliance with Response Data obligations hereunder (including without limitation, Exhibit B) at any time.

4.1.6 Customer agrees that all notifications to consumers of adverse action will be in substantially the following form:

ADVERSE ACTION NOTICE

This notice is provided by [INSERT NAME OF CUSTOMER: City of Los Angeles].

We're sorry, but we are unable to proceed with your payment transaction. Our decision was based in whole or in part on information obtained in a report from Early Warning Services, Inc., a consumer reporting agency. Early Warning provides authentication and risk management services to businesses nationwide.

You have a right under the Fair Credit Reporting Act (FCRA) to know the information contained in your credit file at Early Warning, the consumer reporting agency. Early Warning played no part in our decision and is unable to supply you with specific reasons for the denial decision made by us.

Under the Fair Credit Reporting Act, you have the right to obtain a free copy of your report from Early Warning, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with Early Warning.

You may reach Early Warning toll free at 1-800-745-4210, or write to them at:

Early Warning
16552 N. 90th Street
Scottsdale, AZ 85260



4.1.7 In addition to Customer's notification obligations under subsection 4.1.3, Customer shall promptly notify Bank of any complaint or dispute by or between Customer and any of its customers or other persons or entities relating to (a) Inquiries or Customer data or other data Contributed by Customer to EWS, (b) Response Data received from EWS, or (c) any action taken by Customer in reliance upon or as a result of Response Data received from EWS.

4.2 Customer Audit Rights/Information. Upon request by Customer, EWS shall provide to Customer a copy of its most recent Annual Risk Report (ARR), as well as any updated ARR's upon request from Customer. If, in addition to the information provided by EWS, Customer requires to conduct an on-site audit of EWS' information security program outside of EWS' regularly scheduled consolidated on-site audit periods (which are free to Customer), then a daily fee shall be assessed to Customer for the on-site audit, as agreed upon between EWS and Customer. Any on-site audits (i.e. outside of the regularly scheduled consolidated on-site audit periods) shall not begin until the daily fee for each, if applicable, has been agreed upon between EWS and Customer. Fees related to these on-site audits will be billed to Customer separately from fees for the EWS Service. However, any on-site audit that is triggered by a regulatory requirement or a court order will not result in a daily fee as set forth herein. If, in addition to the information provided by EWS, Customer requires that EWS complete a questionnaire regarding EWS' information security program, then a fee shall be assessed to Customer for the questionnaire, as agreed upon between EWS and Customer. Any completion of a questionnaire in this instance shall not begin until the fee for each, if applicable, has been agreed upon between EWS and Customer. Fees related to the completion of questionnaires by EWS will be billed to Customer separately from fees for EWS Service.

4.3 Written Information Security Program. Customer shall maintain a written information security program that contains administrative, technical and physical safeguards designed to: (i) ensure the security and confidentiality of Response Data, (ii) protect against any anticipated threats or hazards to the security or integrity of Response Data, (iii) protect against unauthorized access to or use of such Response Data that could result in substantial harm or inconvenience to any customer of Customer, (iv) limit access, use and disclosure of Response Data as expressly permitted by these Service Terms, (v) ensure the proper disposal of Response Data, and (vi) comply with Applicable Law. Customer's information security program must be designed to: (i) meet the objectives of the Interagency Guidelines Establishing Information Security Standards promulgated by the federal banking agencies as amended from time to time, and (ii) include control objectives that meet applicable industry standards such as ISO 27002, FFIEC, OCC, PCI or NIST. Customer shall promptly notify EWS of any modification to Customer's information security program.

4.4 Breach of Security. In the event of a breach in security resulting in actual or suspected loss of or unauthorized access to Response Data, Customer shall (i) immediately notify EWS by calling (877) 275-7774, Option 4; (ii) conduct a forensics examination to determine to what extent Response Data was compromised; (iii) provide to EWS, in writing, details concerning the breach, including: (A) nature and impact of the breach, (B) assessment of immediate risk due to the breach, (C) corrective actions already taken, and (D) corrective actions to be taken; (iv) cooperate with EWS and any affected inquiries, Contributors, regulators or law enforcement to assist in regaining possession of the Response Data and in preventing its further unauthorized use and to notify affected consumers if required by Applicable Law; and (v) take measures to restore and enhance its security policies and procedures to avoid further breaches.

4.5 Access to EWS Service. Customer shall not knowingly permit any of its directors, officers, employees, contractors, subcontractors, attorneys, auditors and accountants, to access the EWS Service, if the person has been convicted of a crime in connection with: (i) a dishonest act, breach of trust, or money laundering, or has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, as described in Section 19 of the Federal Deposit Insurance Act, 12 U.S.C. § 1829(a); or (ii) a felony.

4.6 Test ID. If Customer receives a test identification number ("Test ID") from EWS, all Inquiries made by Customer in connection with a system test shall be made with the Test ID, separate from any customer identification number issued to that Customer. There is no fee associated with Inquiries made for the purposes of the system test. Customer agrees that any test must be approved in advance by EWS, will be performed in EWS' Client Acceptance Test (CAT) environment, and subject to more specific guidelines provided by EWS applicable to the type of test to be conducted.

4.7 Technical Integrator. In the event Customer wants to use a Technical Integrator (as defined in Exhibit D (*Technical Integrator*)) for the transmitting of Customer Data to EWS, transmitting Inquiry/Inquiry Data and receiving Response Data in response to an Inquiry, Customer shall comply with the terms of Exhibit D (*Technical Integrator*).

4.8 Compliance with Exhibits A and B and Applicable Laws. Customer hereby agrees to comply with the Fair Credit Reporting Act of 1970, 15 U.S.C. Section 1681 et. seq. and all other Applicable Laws. Without limitation of the foregoing, Customer agrees to comply with and be bound by Exhibits A and B hereto to the extent applicable to Customer.

4.9 Consents. Customer represents and warrants that Customer has obtained authorization and consent from each of its customers and/or intended payees or payors to provide Inquiries and, if applicable, Contributions to EWS.

5. EWS' and Bank's Rights and Responsibilities.

5.1 EWS' and Bank's Audit Rights/Information. EWS and Bank shall have the right to audit Customer, during normal business hours, upon reasonable advance notice, and not more than once per calendar year for the following annual audits: (i) compliance with these Service Terms, (ii) Customer's use of Response Data as set forth in Section 3 above and, (iii) to conduct an onsite audit of Customer's information security program and related policies, controls, processes and procedures. Customer shall provide Bank with the name and contact information of Customer representative that EWS and/or Bank should contact to facilitate the audit. In addition to any other audit rights of EWS described in these Service Terms, upon request of EWS, Customer shall complete a Shared Assessment Significant Information Gathering (SIG) Questionnaire or provide to EWS a copy of its most recent third party data processing audit or review (e.g., SOC2-Type II, ISAE 3402, SSAE 16 or equivalent based upon American Institute of Certified Public Accountants (AICPA) standards, Acceptable Use Procedures (AUP), as conducted by Customer's external auditors. Customer agrees that EWS and Bank may disclose to each other any information obtained during such audit/review.

5.2 Review of Customer's Use of the Response Data.



5.2.1 .No more than once per calendar year, except as provided below in the case of suspended non-compliance or unusual transaction activity, Customer agrees to cooperate with EWS and/or Bank in conducting an annual review of Customer's use of the Response Data to verify that Customer is using the Response Data in compliance with these Service Terms. Such review may include, but is not limited to: Customer's written certification that it is in compliance with these Service Terms; requests for documentation verifying such compliance; interviews with personnel knowledgeable about Customer's use of these Service Terms; and/or on-site inspections during Customer's regular business hours of records, operations and procedures related to its use of the EWS Service. Customer agrees that EWS and Bank may disclose to each other any information obtained during such review. If the compliance review reveals that Customer is not in compliance with these Service Terms, or compliance cannot be verified, EWS and/or Bank may, upon written notice, suspend Customer's participation in the EWS Service, and the parties may promptly meet to discuss the matter and develop a proposed resolution plan. The resolution plan, including resolution period, must be approved by EWS and Bank. On or before the approved resolution date, Customer shall provide written certification to EWS and Bank that the resolution plan has been fully implemented and that Customer is in compliance with these Service Terms. If the resolution plan is not fully implemented on or before the approved resolution date, EWS may suspend or terminate the provision of Response Data, or require that Bank terminate these Service Terms with respect to Customer, upon written notice to Customer. Nothing in these Service Terms shall be construed to limit any of EWS' or Bank's other rights or remedies under these Service Terms.

5.2.2 .In addition to the annual reviews provided above, if (a) at any time EWS or Bank has a reasonable basis to believe that Customer is not in compliance with the terms of these Service Terms; (b) EWS or Bank identifies transaction activity that is not consistent with Customer's normal transaction activity based on past activity or compared to similar types of clients, including but not limited to dollar amounts, hit rate, and volume; or (c) EWS or Bank requires that Customer demonstrates its compliance with Customer's resolution plan created to address a document audit finding, EWS and/or Bank will notify Customer. Customer shall within two (2) business days of EWS' or Bank's notification, provide EWS and/or Bank, as applicable, with such documentation and information as may be reasonably requested by EWS and/or Bank to verify Customer's compliance with these Service Terms or to address any potential vulnerabilities identified by EWS and/or Bank in Customer's system or operations, as applicable to Customer's use of the EWS Service. Alternatively, at EWS's or Bank's election, upon reasonable notice, EWS and/or Bank may inspect Customer's records, operations and procedures related to these Service Terms on Customer's premises, during normal working hours, and in a manner as to minimize interference with Customer's normal business activities. If the compliance review reveals that Customer is not in compliance with these Service Terms, or compliance cannot be verified, EWS and/or Bank may, upon written notice, suspend Customer's participation in the EWS Service and the parties may promptly meet to discuss the matter and develop a proposed resolution plan in accordance with the specifications and procedure described above, with respect to annual compliance reviews. Nothing in these Service Terms shall be construed to limit any of EWS' or Bank's other rights or remedies under these Service Term

6. Confidentiality.

6.1 Confidentiality. Each party (the "disclosing party") has made and will continue to make available to the other party (the "receiving party") Confidential Information. The receiving party will maintain Confidential Information in confidence, and except as otherwise expressly permitted under these Service Terms or with the express prior written consent of the disclosing party, the receiving party will not disclose, transmit or otherwise disseminate in any manner whatsoever any Confidential Information of the disclosing party to any third party. The receiving party will use the same care and discretion to avoid disclosure, publication or dissemination or unauthorized access to any Confidential Information received from the disclosing party as the receiving party uses with its own similar information that it does not wish to disclose, publish or disseminate, or be accessed (but in no event less than a reasonable degree of care). Subject to this section, Bank may (i) use Customer's Confidential Information to provide services hereunder, (ii) disclose Customer's Confidential Information to EWS, and EWS' and its affiliates, contractors, consultants, auditors, agents and other third parties (where such other third parties have a need to know), and (iii) as otherwise permitted under the Account Documentation. The receiving party will be liable for any unauthorized disclosure or use of Confidential Information by any of its employees, consultants, agents, subcontractors or advisors.

6.2 Non-Disclosure of Consumer Data. To the extent that any information obtained by Customer is "nonpublic personal information" about "consumers" or "customers" as such terms are defined in Title V of the Gramm-Leach-Bliley Act ("GLBA"), 15 U.S.C. § 6802, and in regulations issued thereunder (collectively, "Consumer Data"), Customer agrees that it will not disclose or use such Consumer Data provided to it by the disclosing party under these Service Terms other than to carry out the purposes of these Service Terms or in any manner prohibited by the GLBA or the regulations issued thereunder. Customer further covenants and agrees to maintain appropriate measures designed to meet the objectives of the applicable guidelines establishing information security standards as adopted by any federal regulatory agencies having jurisdiction over Customer's affairs ("Guidelines"). Without limiting the foregoing, Customer hereby represents and warrants that its information security program described in Section 4.3 is designed to: (i) ensure the security and confidentiality of Consumer Data; (ii) protect against any anticipated threats or hazards to the security or integrity of such data; and (iii) protect against unauthorized access to or use of such data that could result in substantial harm or inconvenience to any consumer. Furthermore, Customer shall not knowingly permit any of its Representatives to access the EWS Service if the person has been convicted of a crime in connection with: (a) a dishonest act, breach of trust, or money laundering, or has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, as described in Section 19 of the Federal Deposit Insurance Act, 12 U.S.C. § 1829(a); or (b) a felony.

7. Disclosures. Customer acknowledges that Bank may disclose to a consumer reporting agency (i) the identity of the end user of the information obtained via EWS Service and (ii) each permissible purposes for which the report or information is furnished to the end user.

8. Inquiries about the EWS Service. Except as otherwise expressly provided herein, Customer shall contact Bank with all inquiries regarding the EWS Service.

9. Indemnification. Customer shall indemnify, defend and hold harmless Bank and all of its Representatives from any and all Losses, and threatened Losses arising out of or relating to (a) Customer's actual or alleged breach of any representation, warranty, covenant or certification in these Service Terms, (b) Customer's actual or alleged breach of any of the confidentiality provisions in these Service Terms, or (c) Customer's failure to comply with the provisions hereof related to Contribution, Inquiries and use of Response Data. Additionally, Customer agrees to indemnify, hold harmless and



defend EWS, its directors, officers and employees from and against any and all Losses arising out of or relating to Customer's actual or alleged breach of any representation, warranty or covenant in these Service Terms.

10. Suspension; Termination.

10.1 Suspension of Customer's Access by EWS. EWS may suspend Customer's access to the EWS Service upon written notice to Bank and Customer, if Customer does not comply with the requirements of these Service Terms and such suspension shall remain in effect until such noncompliance is remedied. EWS may provide such notice via email to the appropriate contacts at Bank and Customer and such notice shall include a description of the noncompliance issue. In the event that Customer has not remedied or not made substantial progress in remedying the noncompliance within thirty (30) days of such notice, EWS may terminate Customer's access to the EWS Service.

10.2 Termination. In addition to each party's termination rights under the Account Documentation, Bank may terminate the provision of the EWS Service to Customer upon five (5) days written notice to Customer, if any Response Data provided to Customer is used or disposed by Customer as follows: (a) contrary to these Service Terms or Connectivity Agreement, provided such breach is material in nature and within the five (5) day notice period, Customer fails to cure such improper use or disclosure or in the event it is not possible to cure such breach, Customer fails to establish preventative measures designed to prevent a future breach; (b) in violation of any Applicable Law pertaining to the use of the EWS Service or Response Data and within the five (5) day notice period, Customer fails to cure such violation or in the event that such violation cannot be cured, Customer fails to establish preventative measures designed to prevent a future violation of a similar nature; or (c) Customer experiences any incident that jeopardizes the security of any Response Data in its possession. Bank may terminate the provision of the EWS Service immediately upon notice to Customer in the event that (i) Bank determines, in its sole discretion, that automated clearing house (ACH) return item volumes are not acceptable or that there have been excessive complaints from Customer's customers or consumers arising out of Customer's use of Response Data, or (ii) the Customer is the subject of any regulatory action. Termination of these Service Terms shall not release either party from obligations arising prior to such termination. The parties' respective rights and obligations under this Section 10 shall survive termination of these Service Terms.

11. Limitation of Bank's and EWS' Liability.

11.1 Limitation of Bank's Liability. Bank assumes no responsibility or liability arising from the transmission, treatment or storage of any data by EWS, including, without limitation, any Inquiry Data, Customer Data and Response Data. Without limitation of the foregoing, Bank shall have no responsibility or liability whatsoever for (a) the content of any Contribution of Customer Data or Inquiry Data transmitted by Customer to EWS and whether Customer properly or timely transmits such data; (b) the content of any Response Data transmitted by EWS to Customer and whether EWS properly or timely transmits such data; (c) any inaccuracy or omission in the Response Data or other data provided by EWS, regardless of the cause thereof, (d) any action taken by the Customer in reliance on Response Data, (e) any storage, use or misuse of Customer Data or Inquiry Data by EWS, and (f) Customer's failure to comply with the Documentation, including, without limitation, applicable technical specifications therein. Further, Bank shall have no responsibility or liability for any failure by Customer or customer of Customer to comply with the applicable requirements hereunder, including requirements in Exhibits A and B, regarding Customer Data, Contributions, Inquiries, use of Response Data and compliance with Applicable Laws.

11.2 No Liability of EWS. EWS shall have no liability to Customer under these Service Terms, including without limitation, any duties or obligations (contractual, at law or otherwise) owed by Bank to Customer or by Customer to Bank under these Service Terms. Customer acknowledges that EWS may notify Bank in the event of Customer's non-compliance with (a) the Contribution of data requirements as set forth in the Documentation and Exhibit A, or (b) the requirements for Inquiries, and in the event that EWS does so, Bank agrees to notify Customer thereof and to provide any details that EWS has provided to Bank. EWS shall have the right to suspend the provision of the EWS Service in the event of Customer's non-compliance with the Contribution and Inquiry requirements of Exhibit A and the Documentation.

11.3. No Warranties. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, ALL WARRANTIES AND REPRESENTATIONS, EXPRESS, STATUTORY OR IMPLIED, WITH REGARD TO THE EWS SERVICE ARE HEREBY DISCLAIMED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND COURSE OF DEALING OR USAGE OF TRADE OR WARRANTIES AS TO ANY RESULTS TO BE OBTAINED FROM THE USE OF THE SERVICE. THE BANK DOES NOT WARRANT THE SECURITY, SEQUENCE, TIMELINESS, ACCURACY OR COMPLETENESS OF THE RESPONSE DATA OR OTHER DATA OR THAT ANY PART OF THE EWS SERVICE WILL BE ERROR-FREE OR UNINTERRUPTED.

12. Notice to Users of Consumer Reports; FCRA. Customer acknowledges receipt of the notices attached hereto as Exhibit B (**Notices to Users**), which describe certain obligations of (a) furnishers of information to consumer reporting agencies, and (b) users of consumer reports. Customer acknowledges that these notices were provided to Bank by EWS and EWS is requiring that Bank provide these notices to Customer. Accordingly, Bank shall have no responsibility or liability for the content, accuracy or completeness of such notices. Customer shall be responsible for complying with all Applicable Laws in connection with Customer's provision of data, including Contribution data and Inquiry Data and Customer's use of Response Data, including without limitation, any obligations that Customer may have as a user of consumer reports under the FCRA.

13. EWS Service Selection. Customer acknowledges that Bank is a partial owner of EWS. Customer represents that Customer has made its independent determination for selection of the EWS Service and has not relied on any representation made by Bank in connection therewith. Customer acknowledges and agrees that EWS may receive revenue sharing or other fees from Bank in connection with the provision of the EWS Service to Customer.

14. Bank Obligation to Report to EWS. Under EWS' agreement with Bank, Bank is required to notify EWS if Bank receives notice, from any source, that (a) Customer; (b) any individual or entity that holds a controlling interest in Customer; (c) any member of Customer's board of directors or equivalent governing body; (d) any officer or manager of Customer; or (e) any other employee that has access to Response Data or has decision-making authority on how the EWS Service is used or marketed (each of the foregoing, a "Regulated Party"), is the subject of an investigation or other action by any Federal, state or local governmental, administrative or regulatory body that would raise legitimate concerns regarding Customer's business practices or Customer's compliance with the use of the EWS Service. Accordingly, Customer will promptly notify Bank in the event



of the occurrence of any of the foregoing, and Customer hereby consents to the Bank's provision of such notification to EWS. EWS, in its sole discretion, may cease providing responses comprised in whole or in part of Response Data to Customer where Early Warning believes in good-faith that such legitimate concerns are well-founded.

15. Defined Terms. Capitalized terms used in these Service Terms, unless otherwise defined in the Account Terms shall have the meanings set forth below. Terms defined in the singular shall include the plural and vice versa, as the context requires.

"Account" means an account as defined by the board of Governors of the Federal Reserve System in Regulation CC, 12 C.F.R. Section 229.2(a), and may also include: a savings account, a money market account, a credit account or a brokerage account held by a consumer or company at the Financial Services Organization or other business relationship currently existing or pending between a Financial Services Organization and a consumer or a company.

"Account Owner Authentication" or **"AOA"** means identity-to-account matching performed using the Account Owner Authentication capability with the *Real-time Payment Chek®* service, and confirms an account owner or authorized user by inquiring against account owner data contributed to the National Shared Database resource.

"Account Owner Elements Data" or **"AOE Data"** means information about an Account and the related account owner(s) consisting of one or more of the types of information set forth in Exhibit A-1, as may be modified by EWS and/or Bank.

"Account Status Data" means information relating to the status of an Account with a Contributor in the form of a code.

"Authorized Uses" means the authorized uses of Response Data by Customer as defined in Exhibit A. Exhibit A may be modified from time to time by Early Warning upon written notice to Customer to provide additional Authorized Uses.

"Applicable Laws" means all federal, state and local laws, and the regulations and guidelines promulgated thereunder, applicable to the marketing, promotion, offering for sale, sale provision, creation, delivery, transmission and use of the applicable EWS Service, including without limitation any applicable provisions of the Fair Credit Reporting Act of 1970, 15 U.S.C. Section 1681 et. seq. (the "FCRA"), the Fair and Accurate Credit Transaction Act of 2003, Pub. L. 108-159, 111 Stat. 1952 and the Gramm-Leach-Bliley Act (including similar state laws and regulations to each of the foregoing) in each case as amended from time to time.

"Confidential Information" means information not generally known to the public and at the time of disclosure is identified as, or would reasonably be understood by the receiving party to be, proprietary or visual, electronic or other form. Confidential Information of the disclosing party include such party's (a) business plans, strategies, forecasts, projects and analyses; (b) financial information and fee structures; (c) business processes, methods and models; (d) employee, customer and supplier information; (e) hardware and system designs, architectures, structure and protocols; (f) product and service specifications; and (g) manufacturing, operations, facilities, assets, purchasing, logistics, sales and marketing information, as well as the terms of these Service Terms.

"Contribute" or "Contribution" means the transmittal of Customer Data by Customer, if Customer is a Financial Services Organization, to the National Shared Database pursuant to Exhibit A (**Authorized Use of the EWS Service**).

"Contributor" means an entity that is a Financial Services Organization and transmits certain specific data elements to the National Shared Database.

"Customer Data" means the prescribed data (as described in Exhibit A (**Authorized Use of the EWS Service**)) contributed to the National Shared Databases directly by Customer for use in the EWS Service.

"Documentation" means any written user guides, specifications, technical requirements, descriptions or instructions created by Early Warning or the Bank describing the installation, set-up, function, features, operation and use of the EWS Service, and that will be or are provided to Customer.

"EWS" has the meaning set forth in Section 1 hereof.

"EWS Service" has the meaning set forth in Section 1 hereof.

"Financial Services Organization" means an entity that provides banking and/or investment products and services and is regulated by one or more of the following entities: Office of the Comptroller of the Currency (OCC), Consumer Financial Protection Bureau (CFPB) (excluding non-depository covered persons), National Credit Union Association (NCUA), Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), Federal Reserve (Fed), Federal Deposit Insurance Corporation (FDIC), The Public Corporation for the Supervision and Insurance of Cooperatives in Puerto Rico (COSSEC) or a state banking department.

"Government Agency" means a local, state or federal government agency and its contractors.

"Inquiry" means each request for Response Data from the National Shared Databases by Customer.

"Inquiry Data" means the information contained within an Inquiry as described in Exhibit A (**Authorized Use of the EWS Service**).

"Integrator Connectivity" means the Customer is accessing the EWS Service through a direct connection with the Bank pursuant to these Service Terms.

"Item" means either: (a) a physical check; (b) an image replacement document (IRD); (c) MICR line information; (d) an automated clearinghouse entry; or (e) an item as defined by the Uniform commercial code.

"Item Level Data" means information about an Account with a Contributor relating to Return Item Data and/or Stop Pay Data.

"Losses" means all losses, liabilities, damages (including taxes), and all related costs and expenses, including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties.



“National Shared Database” means the collection of data maintained by Early Warning in one or more databases.

“Non-Participant Data” means information about a Contributor’s experience with an Account, other than an Account with the Contributor, consisting of Transit Data and Return Item Data, as specified in technical specifications Documentation.

“Participant” means the Customer and as required by the context, may also include other customers using the EWS Service.

“Processed Response” shall have its meaning set forth in Section 4.2.

“Representatives” means a party’s directors, officers, employees, contractors, subcontractors, attorneys, auditors and accountants.

“Response Data” means information from the National Shared Databases transmitted by Early Warning directly to Customer pursuant to the Connectivity Agreement, and in response to an inquiry by Customer. The information contained within Response Data is described in the applicable Documentation.

“Return Item Data” means information, in the form of a code, relating to an outgoing or incoming Item that is returned or as to which notice of nonpayment is provided, as specified in those particular documents within the Documentation.

“Scored Account Data” means information relating to an Account, based upon Non-Participant Data, in the form of a code, as specified in those particular documents within the Documentation.

“Stop Pay Data” means information about an Account with a Contributor relating to stop pay instructions on an Item or range of Items associated with the Account, as specified in those particular documents within the Documentation.

“Transit Data” means information identifying an Item by routing and Account number relating to an Account that is maintained by a depository Financial Services Organization, as specified in technical specifications Documentation.

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IN WITNESS WHEREOF, the parties hereto have caused these Service Terms to be executed by their respective officers, thereunto duly authorized,
on _____ of _____, 20____.

[Customer]

By: _____

Name:

Title:

JPMORGAN CHASE BANK, N.A.

By: _____

Name:

Title:



EXHIBIT A

Inquiries / Contribution / Authorized Uses of Data / Other Requirements

1. **Data Inquiries; Contribution.** Upon full execution of the Service Agreement, Participant may initiate Inquiries for Account Status Data, Item Level Data, Scored Account Data, and/or Account Owner Elements Data. The data required to transmit an Inquiry is set forth in the technical specifications in the Documentation.
 - 1.1 For each Inquiry based upon Account Status Data, Item Level Data, or Scored Account Data, Early Warning will deliver Response Data based upon the data available in the National Shared Database. Each such Inquiry may be transmitted alone or in conjunction with an Inquiry described in Section 1.2 below.
 - 1.2 For each Inquiry based on Account Owner Elements (AOE) Data, Participant will transmit to Early Warning the required AOE Data Elements as set forth in Exhibit A-1 (1) and (2) and Returns Data as set forth in Exhibit A-1 (3), and Early Warning will deliver Response Data to the extent such Inquiry Data matches Data available in the National Shared Database (a "Match"). Each Inquiry based upon Account Owner Elements Data must be transmitted in connection with an Inquiry described in Section 1.1 above.
 - 1.3 Participants that are Financial Services Organizations are subject to the Contribution Requirements set forth in Exhibit A-1.
- 1.4 **Authorized Uses of Response Data.** Participant shall use the EWS Service and Response Data subject to the terms and conditions of the Service Agreement, and solely for the purposes described below.
 - 1.4.1 For Inquiries based upon Account Status Data, Item Level Data, or Scored Account Data:
 - 1.4.1.1 To validate the existence of an Account and the associated Account Status Data, Item Level Data or Scored Account Data in determining whether to accept or decline an Item as payment for goods or services;
 - 1.4.1.2 As a factor in verifying, authorizing or guaranteeing a payment;
 - 1.4.1.3 To cash an Item or provide cash back from a deposit or payment;
 - 1.4.1.4 To decide whether to forward an Item for collection or represent it electronically; or
 - 1.4.1.5 To determine whether to allow the Account or application to be enrolled for use in connection with future transactions by validating that the Account exists and/or is in good standing.
 - 1.4.2 For Inquiries based upon Account Owner Elements Data:
 - 1.4.2.1 To determine whether to accept or decline an Item as payment for goods or services by validating that the consumer presenting such Item is an authorized accountholder, user, or signatory of the Account on which the Item is drawn;
 - 1.4.2.2 To determine whether to accept or decline an Item as payment for goods or services by validating that the company name associated with such Item is the company name of the Account on which such Item is drawn;
 - 1.4.2.3 To determine whether to accept or decline an Item as funding for an Account by validating that the consumer is an authorized accountholder, user, or signatory of the Account used or to be used in connection with the funding;
 - 1.4.2.4 To determine whether to transfer funds by validating that the consumer is an authorized accountholder, user, or signatory of the Account used or to be used in connection with the transfer of funds;
 - 1.4.2.5 To determine whether to allow the Account to be enrolled for use in the connection with future transactions by validating that: (a) the consumer is an authorized accountholder, user, or signatory of the Account; or (b) the company name is associated with the Account.
 - 1.4.3 For Participants that are Financial Service Organizations, the following are additional Authorized Uses of Response Data:
 - 1.4.3.1 For Inquiries based upon Account Status Data, Item Level Data or Scored Account Data:
 - 1.4.3.1.1 To determine whether to accept or decline an Item for payment of a credit card, line of credit or loan (including personal and small business loans and lines of credit, auto loans, home mortgages, home equity loans and lines of credit and student loans);
 - 1.4.3.1.2 To delay or restrict the open to buy decision;
 - 1.4.3.1.3 To validate the existence of a recipient Account of an outbound payment transaction and the associated Account Status Data, Item Level Data or Scored Account Data in determining whether to transfer funds to such recipient Account;
 - 1.4.3.1.4 To determine, as part of a fraud investigation resulting from a consumer filing an unauthorized transaction claim, whether the Account exists and/or is in good standing; and
 - 1.4.3.1.5 If the Participant determines that further investigation is necessary to mitigate risk based upon any of the following Response Data: Closed for Cause, Closed for Cause/Purged; Closed; Closed/Purged; Pending Closed; Post No Checks; Post No Debits; Enhances OD X/Y; Return Account; or Stop Payment, Participant may also use Response Data for the following purposes:
 - 1.4.3.1.5.1 As a factor in determining whether to close an existing Account for a consumer or company;



- 1.4.3.1.5.2 As a factor in determining whether to monitor an existing Account for a consumer or company; and
- 1.4.3.1.5.3 As a factor in determining whether to restrict or change existing Account privileges for a consumer or company (including, but not limited to: (a) reducing the credit line for the Account; (b) restricting Account access; and/or (c) modifying Account debit/withdrawal limits).

1.4.3.2 For Inquiries based upon Account Owner Elements Data:

- 1.4.3.2.1 To determine, as part of a fraud investigation resulting from a consumer filing an unauthorized transaction claim, whether the consumer is an authorized accountholder, user, or signatory of an Account used in connection with the transfer of funds; and
- 1.4.3.2.2 To determine whether to process a check order by validating that: (a) the consumer is an authorize accountholder, user or signatory of the Account; or (b) the company name is associated with the Account; and (c) the address is associated with the Account.

1.4.4 For Participants that are Government Agencies, Response Data may be used only as follows; provided, however, such Participant may not refuse or decline a consumer or a company transaction or request based solely on such Response Data:

1.4.4.1 For Inquiries based upon Account Status Data, Item Level Data, or Scored Account Data:

- 1.4.4.1.1 To determine if information provided by an individual or a company meets the National Institute of Standards and Technology (NIST) Level 2 and/or Level 3 identification and authentication requirements;
- 1.4.4.1.2 To validate the existence of an Account and the associated Account Status Data, Item Level Data, or Scored Account Data in determining whether to accept or decline an Item as payment for goods or services; and
- 1.4.4.1.3 To determine whether to allow the Account or application to be enrolled for use in connection with future transactions by validating that the Account exists and/or is in good standing.

1.4.4.2 For Inquiries based upon Account Owner Elements Data:

- 1.4.4.2.1 To direct requests for Account verifications to Financial Services Organizations;
- 1.4.4.2.2 To determine if information provided by an individual or a company meets the NIST Level 2 and/or Level 3 identification and authentication requirements;
- 1.4.4.2.3 To determine whether to transfer funds by validating that the consumer is an authorized accountholder, user, or signatory of the Account used or to be used in connection with the transfer of funds; and
- 1.4.4.2.4 To determine whether to allow the Account to be enrolled for use in connection with future transactions by validating that: (a) the consumer is an authorized accountholder, used or signatory of the Account; or (b) the company name is associated with the Account.

1.5 Restrictions on Use of Account Status Data. Participant shall not refuse or decline an Item based solely on the following Response Data: No Information; No Known Information; Not Located; Non-DDA; Broker Check; Credit Card Check; Home Equity Check; or Line of Credit Check.

1.6 Authorized Use of Data by Early Warning. The Participant hereby authorizes Early Warning to use Inquiry Data and Participant Data as contributed pursuant to this Exhibit A, for the purpose of: (a) providing the EWS Service; (b) providing Response Data to Resellers; (c) providing Response Data to others participants for the purpose of conducting value testing; (d) preparing statistical reports and conducting data analytics, parsing routines, data modeling, and other analyses to test and evaluate Early Warning's services; (e) developing and providing new services or enhancements to existing Early Warning services; and (f) developing and providing services to third parties engaged in the business of offering identity theft protection services to consumers, provided that no personally identifiable information shall be returned to any such third parties. The reports and results of the analyses described in clause (a) may be provided to other Inquirers and Contributors, provided that such reports and analyses do not identify specific Inquiry Data or Response Data with respect to any Inquirer or Contributor.

1.7 Intentionally Omitted.

1.8 Inquiry and Participant Data Accuracy of Participant.

- 1.8.1 Participant shall use commercially reasonable efforts to ensure that all Inquiry and Participant Data (the "Inquiry and Participant Data") transmitted to the National Shared Database is accurate and complete at the time of transmittal.
- 1.8.2 If Participant determines or otherwise becomes aware that Inquiry and Participant Data transmitted to the National Shared Database by such Participant is inaccurate or incomplete, Participant shall: (a) immediately notify Early Warning that such Inquiry and Participant Data is inaccurate and/or incomplete; (b) provide Early Warning with any corrections to such Inquiry and/or Participant Data, or with additional information necessary to make such Inquiry and Participant Data accurate and complete; or (c) delete such information from the National Shared Database (collectively the "Action Plan"). Participant shall further ensure that the inaccurate, incomplete, or unverifiable information is not transmitted to the National Shared Database in any future transmission of Inquiry and Participant Data.
- 1.8.3 Inquiry and Participant Data may only be contributed if it applies to an event that occurred less than seven (7) years from the date of contribution.
- 1.8.4 Upon request by Early Warning, and not more than once annually per contributed dataset, Participant shall: (a) certify the accuracy of contributed Inquiry and Participant Data by verifying that a random sample of Participant's Data provided from Early Warning to Participant



is accurate; (b) assign individuals to the certification process that have the knowledge and authority to provide such certification; (c) cooperate with Early Warning in the exchange of sample files and meet the established timelines for review and certification of such random sample; and (d) identify any inaccurate or incomplete information and provide a written resolution plan and remediation timelines agreeable to Early Warning (the "Written Resolution Plan") and ensure that inaccurate or incomplete information is not transmitted to the National Shared Database for any future transmission of Inquiry and Participant Data.

1.8.4.1 Notwithstanding Section 7.4, Early Warning may request, more than once annually, verification and certification of Participant's Data if it has reason to suspect such Inquiry and Participant Data may be inaccurate or incomplete.

1.8.5 Upon request by Early Warning, and not more than once annually per contributed dataset, Participant shall attest that Inquiry and Participant Data contributed by Participant is in compliance with the terms of this Exhibit A.

1.8.6 Notwithstanding Participant's obligations to meet said requirements of the Action Plan in Section 7.2 or the Written Resolution Plan in Section 7.4, Early Warning may still charge to Participant a Data Quality Non-Compliance Fee (as set forth below). However, at Early Warning's sole discretion, it may waive the Data Quality Non-Compliance Fee if Participant completes the requirements of the Action Plan or the Resolution Plan.

1.8.7 Participant agrees that Early Warning has the right to charge Participant a fee each time a Participant has transmitted inaccurate or incomplete Inquiry or Participant Data (a "Violation") as set forth in the Table in Section 6.7.1 below (the "Data Quality Non-Compliance Fee").

6.7.1

Data Quality	Violation	Data Quality Non-Compliance Fee
	First violation.	20% of the total monthly bill charged to such Participant by JPMC in the month immediately following the notification or cure period, if any.
	Uncorrected violation (Month 2 following notice of the first violation) or second violation of the same rule within 12 months of the first violation.	25% of the total monthly bill charged to such Participant by JPMC.
	Uncorrected violation (Month 3 following notice of the first violation and subsequent months until corrected) or third violation of the same type within a 12 month period after notification of the first violation.	50% of the total monthly bill charged to such Participant by JPMC.

1.9 Implementation of Required Releases and Releases.

1.9.1 "**Release**" means an enhancement, update, modification, or fix to the EWS Service in the form of software, file changes, or other methods provided by Early Warning.

1.9.2 "**Required Release**" means a Release that: (a) materially affects the performance of the National Shared Database as determined by Early Warning or is the result of a change in Applicable Law.

1.9.3 Early Warning shall provide a ninety (90) days' prior written notice to Participant of all Required Releases. Participant shall install Required Releases within ninety (90) calendar days of the date of such Required Release.

1.9.4 Participant agrees that Early Warning has the right to charge Participant a fee each time a Participant has failed to install a Required Release (a "Violation") as set forth in the Table in Section 8.4.1 below (the "Required Release Non-Compliance Fee").



1.9.4.1

Required Releases	Violation	Required Release Noncompliance Fee
	First violation.	15% of the total monthly bill charged to such Participant by JPMC in the month immediately following the notification or cure period, if any.
	Uncorrected violation (Month 2 following notice of the first violation) or second violation of the same rule within 12 months of the first violation.	25% of the total monthly bill charged to such Participant by JPMC.
	Uncorrected violation (Month 3 following notice of the first violation and subsequent months until corrected) or third violation of the same type within a 12 month period after notification of the first violation.	40% of the total monthly bill charged to such Participant by JPMC.

1.9.5 Early Warning may, from time to time, implement Releases. Early Warning shall support Releases for a minimum of thirty-six (36) months from the date the Release is first available to Participants in a production environment. Upon implementing a Release, Early Warning may, in its discretion, require Participants to upgrade to the most current Release and discontinue supporting the prior Release. In this event, Participant shall upgrade to the most current Release upon no less than twenty-four (24) months' prior written notice.

1.9.5.1 If Participant does not upgrade to the most current Release within the twenty-four (24) month notice period prescribed in Section 8.3, Participant shall be subject to ongoing Release support fees for any prior Release as described below in Section 8.5.2.

1.9.5.2 Participant agrees to pay a prior Release support fee to be imposed for each month following the expiration of the twenty-four (24) months' prior notice, if Participant fails to implement the current Release. For each month of the first three (3) months during which Participant has not implemented the current Release, the support fee shall be calculated to equal ten percent (10%) of Participant's monthly invoice. Subsequently, the support fee shall increase by an additional ten percent (10%) of each month's invoice for each quarter that Participant has not implemented the current Release. For the avoidance of doubt, the second quarter support fee for non-implementation of the current Release shall equal twenty percent (20%) of Participant's monthly invoice.

1.10 Data Quality and Required Release Non-Compliance Violation Notice and Cure Period (if applicable).

1.10.1 Early Warning will deliver written notice of noncompliance to the Participant, and JPMC, which notice shall specify each violation(s) (a "Noncompliance Notice"). The Noncompliance Notice will include a description of the actions or inactions of the Participant giving rise to the violation, the actual or approximate dates of such violations, and if quantifiable at the time, the amount of any Noncompliance Fee. Early Warning may, in its sole discretion, and in writing, provide a limited time period for the Participant to cure such violation before imposing the Noncompliance Fee.

1.10.2 Either of the two Noncompliance Fees above are payable by the Participant thirty (30) Days after the later of the delivery of the notification or the expiration of any cure period specified in the notification, if applicable. The Participant will not be responsible for any Noncompliance Fees during the cure period, if applicable.

1.11 Additional Data Elements to be Contributed.

1.11.1 Participant acknowledges that Early Warning may require additional data elements to be contributed as deemed by Early Warning as necessary for the EWS Service. Early Warning will provide written notice to JPMC and/or to Participant about the additional data elements to be contributed and Participant shall begin to contribute said data elements no later than twenty- four (24) months after said written notice.

1.12 Suspension of EWS Service to Participant.

1.12.1 Notwithstanding the ability to assess, or the assessment of, the two Non-Compliance Fees above, Participant agrees that Early Warning may immediately suspend the provision of the EWS Services for any material breach or repetitive breaches, material or otherwise, by Participant of the terms of this Exhibit A and Early Warning may continue the suspension until the material breach or repetitive breaches have been completely remedied by Participant.



EXHIBIT A-1
CONTRIBUTION REQUIREMENTS FOR FINANCIAL SERVICES ORGANIZATION (FSO)
PARTICIPANTS

- (1) An FSO Participant that has more than 250,000 Accounts AND is using the Real-Time Payment Chek with the Account Owner Authentication capability must contribute: Account Status Data, Item Level Data, Non-Participant Data and AOE Data.
- (2) Any FSO Participant that has more than 250,000 Accounts must contribute: ACH transactions and returns, all items files, daily account status updates, stop payment records and incoming and outgoing returns on all of its Accounts, in accordance with the Documentation.



EXHIBIT B

All users of consumer reports must comply with all applicable regulations. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, www.consumerfinance.gov/learnmore.

NOTICE TO USERS OF CONSUMER REPORTS: OBLIGATIONS OF USERS UNDER THE FCRA

The Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681–1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Consumer Financial Protection Bureau's (CFPB) website at www.consumerfinance.gov/learnmore. At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the CFPB's website. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

The first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. If you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS

A. Users Must Have a Permissible Purpose

Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. [Section 604\(a\)\(1\)](#)
- As instructed by the consumer in writing. [Section 604\(a\)\(2\)](#)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. [Section 604\(a\)\(3\)\(A\)](#)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. [Sections 604\(a\)\(3\)\(B\) and 604\(b\)](#)
- For the underwriting of insurance as a result of an application from a consumer. [Section 604\(a\)\(3\)\(C\)](#)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. [Section 604\(a\)\(3\)\(F\)\(i\)](#)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. [Section 604\(a\)\(3\)\(F\)\(ii\)](#)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. [Section 604\(a\)\(3\)\(D\)](#)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. [Section 604\(a\)\(3\)\(E\)](#)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. [Sections 604\(a\)\(4\) and 604\(a\)\(5\)](#)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making "prescreened" unsolicited offers of credit or insurance. [Section 604\(c\)](#). The particular obligations of users of "prescreened" information are described in Section VII below.

B. Users Must Provide Certifications

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken

The term "adverse action" is defined very broadly by Section 603. "Adverse actions" include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA—such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

1. Adverse Actions Based on Information Obtained From a CRA

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:



- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer's right to obtain a free disclosure of the consumer's file from the CRA if the consumer makes a request within 60 days.
- A statement setting forth the consumer's right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies

If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer's written request.

3. Adverse Actions Based on Information Obtained From Affiliates

If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notice must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request. If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

D. Users Have Obligations When Fraud and Active Duty Military Alerts Are in Files

When a consumer has placed a fraud alert, including one relating to identity theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A(h) imposes limitations on users of the reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligations When Notified of an Address Discrepancy

Section 605(h) requires nationwide CRAs, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the address in the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed. Federal regulations are available at <http://www.consumerfinance.gov/learnmore>.

F. Users Have Obligations When Disposing of Records

Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. Federal regulations have been issued that cover disposal.

II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations prescribed by the CFPB.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant").

III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES

A. Employment Other Than in the Trucking Industry

If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.



- **Before** taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of consumer's rights. (The user should receive this summary from the CRA.) A Section 615(a) adverse action notice should be sent after the adverse action is taken.

An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. [Section 615\(b\)\(2\)](#)

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

B. Employment in the Trucking Industry

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED

Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity or person that is a consumer reporting agency. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation. This must be made in a written statement that is mailed, or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with federal, state or local laws and regulations or the rules of a self regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes - or in connection with a credit transaction (except as provided in federal regulations) - the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or as permitted by statute, regulation, or order).

VII. OBLIGATIONS OF USERS OF "PRESCREENED" LISTS

The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. [Sections 603\(l\), 604\(c\), 604\(e\), and 615\(d\)](#). This practice is known as "prescreening" and typically involves obtaining from a CRA a list of consumers who meet certain pre-established criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer's CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.
- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. The statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, the CFPB has established the format, type size, and manner of the disclosure required by Section 615(d), with which users must comply. The relevant regulation is 12 CFR 1022.54.



VIII. OBLIGATIONS OF RESELLERS

A. Disclosure and Certification Requirements

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:
 - (1) the identity of all end-users;
 - (2) certifications from all users of each purpose for which reports will be used; and
 - (3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller. Resellers must make reasonable efforts to verify this information before selling the report.

B. Reinvestigations by Resellers

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part, and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

C. Fraud Alerts and Resellers

Section 605A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

IX. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state government or federal government enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.



The CFPB's website, www.consumerfinance.gov/learnmore, has more information about the FCRA, including publications for businesses and the full text of the FCRA.

Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

Section 602	15 U.S.C. 1681
Section 603	15 U.S.C. 1681a
Section 604	15 U.S.C. 1681b
Section 605	15 U.S.C. 1681c
Section 605A	15 U.S.C. 1681cA
Section 605B	15 U.S.C. 1681cB
Section 606	15 U.S.C. 1681d
Section 607	15 U.S.C. 1681e
Section 608	15 U.S.C. 1681f
Section 609	15 U.S.C. 1681g
Section 610	15 U.S.C. 1681h
Section 611	15 U.S.C. 1681i
Section 612	15 U.S.C. 1681j
Section 613	15 U.S.C. 1681k
Section 614	15 U.S.C. 1681l
Section 615	15 U.S.C. 1681m
Section 616	15 U.S.C. 1681n
Section 617	15 U.S.C. 1681o
Section 618	15 U.S.C. 1681p
Section 619	15 U.S.C. 1681q
Section 620	15 U.S.C. 1681r
Section 621	15 U.S.C. 1681s
Section 622	15 U.S.C. 1681s-1
Section 623	15 U.S.C. 1681s-2
Section 624	15 U.S.C. 1681t
Section 625	15 U.S.C. 1681u
Section 626	15 U.S.C. 1681v
Section 627	15 U.S.C. 1681w
Section 628	15 U.S.C. 1681x
Section 629	15 U.S.C. 1681y



**NOTICE TO USERS OF CONSUMER REPORTS UNDER
CALIFORNIA CONSUMER CREDIT REPORTING AGENCIES ACT
CIVIL CODE SECTION 1785.20-1785.22**

The California Consumer Credit Reporting Agencies Act (Civil Code Sections 1785.1 – 1785.36) requires that this notice be provided to inform users of consumer reports of their responsibilities under Sections 1785.20-1785.22 of the California Civil Code.

Sections 1785.20-1785.22 impose the following duties upon users of consumer reports:

1785.20. (a) If any person takes any adverse action with respect to any consumer, and the adverse action is based, in whole or in part, on any information contained in a consumer credit report, that person shall do all of the following:

- (1) Provide written notice of the adverse action to the consumer.
- (2) Provide the consumer with the name, address, and telephone number of the consumer credit reporting agency which furnished the report to the person.
- (3) Provide a statement that the credit grantor's decision to take adverse action was based in whole or in part upon information contained in a consumer credit report.
- (4) Provide the consumer with a written notice of the following rights of the consumer:
 - (A) The right of the consumer to obtain within 60 days a free copy of the consumer's consumer credit report from the consumer credit reporting agency identified pursuant to paragraph (2) and from any other consumer credit reporting agency which compiles and maintains files on consumers on a nationwide basis.

(B) The right of the consumer under Section 1785.16 to dispute the accuracy or completeness of any information in a consumer credit report furnished by the consumer credit reporting agency.

(b) Whenever credit or insurance for personal, family, or household purposes involving a consumer is denied or the charge for such credit is increased either wholly or in part because of information obtained from a person other than a consumer credit reporting agency bearing upon consumer's credit worthiness or credit standing, the user of that information shall, within a reasonable period of time, and upon the consumer's written request for the reasons for that adverse action received within 60 days after learning of the adverse action, disclose the nature and substance of the information to the consumer. The user of the information shall clearly and accurately disclose to the consumer his or her right to make such a written request at the time the adverse action is communicated to the consumer.

(c) No person shall be held liable for any violation of this section if he or she shows by a preponderance of the evidence that at the time of the alleged violation he or she maintained reasonable procedures to assure compliance with this section.

(d) Nothing in this chapter shall excuse compliance with the requirements of Section 1787.2.

1785.20.1. (a) Except as provided in subdivision (b), any person who uses a consumer credit report in connection with any credit transaction not initiated by the consumer and which consists of a firm offer of credit shall provide with any solicitation made to the consumer a clear and conspicuous statement as to all of the following:

- (1) Information contained in the consumer's prequalifying report was used in connection with the transaction.
- (2) The consumer received the offer of credit, because the consumer satisfied the criteria for creditworthiness under which the consumer was selected for the offer.
- (3) Where applicable, the credit may not be extended if, after the consumer responds to the offer, the consumer does not meet the criteria used to select the consumer for the offer.

(4) The consumer has a right to prohibit use of information contained in the consumer's file with any consumer credit reporting agency in connection with any credit transaction that is not initiated by the consumer. The consumer may exercise this right by notifying the notification system or joint notification system established under subdivision (d) or (e) of Section 1785.11.

(b) Subdivision (a) does not apply to any person using a prequalifying report if all of the following conditions are met:

- (1) The person using the prequalifying report is affiliated by common ownership or common corporate control with the person who procured the report.
- (2) The person who procures the prequalifying report from the consumer credit reporting agency clearly and conspicuously discloses to the consumer to whom the report relates, before the prequalifying report is provided to the person who uses the report, that the prequalifying report might be provided to, and used by, persons affiliated in the manner specified in paragraph (1) with the person that procured the report.
- (3) The consumer consents in writing to this provision and use of the prequalifying report.

(c) No person shall be denied credit on the basis of the consumer's refusal to provide consent pursuant to paragraph (3) of subdivision (b), unless that consent is necessary for the extension of credit, related to that transaction, by an affiliate.

1785.20.2. Any person who makes or arranges loans and who uses a consumer credit score as defined in Section 1785.15.1 in connection with an application initiated or sought by a consumer for a closed end loan or establishment of an open end loan for a consumer purpose that is secured by one to four units of residential real property shall provide the following to the consumer as soon as reasonably practicable:



(a) A copy of the information identified in subdivision (a) of Section 1785.15.1 that was obtained from a credit reporting agency or was developed and used by the user of the information. In addition to the information provided to it by a third party that provided the credit score or scores, a lender is only required to provide the notice contained in subdivision (d).

(b) If a person who is subject to this section uses an automated underwriting system to underwrite a loan, that person may satisfy the obligation to provide a credit score by disclosing a credit score and associated key factors supplied by a consumer credit reporting agency. However, if a numerical credit score is generated by an automated underwriting system used by an enterprise, and that score is disclosed to the person, it shall be disclosed to the consumer consistent with subdivision (c). For purposes of this subdivision, the term "enterprise" shall have the meaning provided in paragraph (6) of Section 4502 of Title 12 of the United States Code.

(c) A person subject to the provisions of this section who uses a credit score other than a credit score provided by a consumer reporting agency may satisfy the obligation to provide a credit score by disclosing a credit score and associated key factors supplied by a consumer credit reporting agency.

(d) A copy of the following notice, which shall include the name, address, and telephone number of each credit bureau providing a credit score that was used:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

(e) This section shall not require any person to do the following:

- (1) Explain the information provided pursuant to Section 1785.15.1.
- (2) Disclose any information other than a credit score or key factor, as defined in Section 1785.15.1.
- (3) Disclose any credit score or related information obtained by the user after a loan has closed.
- (4) Provide more than one disclosure per loan transaction.
- (5) Provide the disclosure required by this section when another person has made the disclosure to the consumer for that loan transaction.

(f) Any person's obligation pursuant to this section shall be limited solely to providing a copy of the information that was received from the consumer credit reporting agency. No person has liability under this section for the content of that information or for the omission of any information within the report provided by the consumer credit reporting agency.

(g) As used in this section, the term "person" does not include an "enterprise" as defined in paragraph (6) of Section 4502 of Title 12 of the United States Code.

1785.20.3. (a) Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, and who discovers that the consumer's first and last name, address, or social security number, on the credit application does not match, within a reasonable degree of certainty, the consumer's first and last name, address or addresses, or social security number listed, if any, on the consumer credit report, shall take reasonable steps to verify the accuracy of the consumer's first and last name, address, or social security number provided on the application to confirm that the extension of credit is not the result of identity theft, as defined in Section 1798.92.

(b) Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, and who has received notification pursuant to subdivision (k) of Section 1785.16 that the applicant has been a victim of identity theft, as defined in Section 1798.92, may not lend money or extend credit without taking reasonable steps to verify the consumer's identity and confirm that the application for an extension of credit is not the result of identity theft.

(c) Any consumer who suffers damages as a result of a violation of this section by any person may bring an action in a court of appropriate jurisdiction against that person to recover actual damages, court costs, attorney's fees, and punitive damages of not more than thirty thousand dollars (\$30,000) for each violation, as the court deems proper.

(d) As used in this section, "identity theft" has the meaning given in subdivision (b) of Section 1798.92.

(e) For the purposes of this section, "extension of credit" does not include an increase in an existing open-end credit plan, as defined in Regulation Z of the Federal Reserve System (12 C.F.R. 226.2), or any change to or review of an existing credit account.

(f) If a consumer provides initial written notice to a creditor that he or she is a victim of identity theft, as defined in subdivision (d) of Section 1798.92, the creditor shall provide written notice to the consumer of his or her rights under subdivision (k) of Section 1785.16.



(g) The provisions of subdivisions (k) and (l) of Section 1785.16 do not apply to a consumer credit reporting agency that acts only as a reseller of credit information by assembling and merging information contained in the database of another consumer credit reporting agency or the databases of multiple consumer credit reporting agencies, and does not maintain a permanent database of credit information from which new credit reports are produced.

(h) This section does not apply if one of the addresses at issue is a United States Army or Air Force post office address or a United States Fleet post office address.

1785.20.5. (a) Prior to requesting a consumer credit report for employment purposes, the user of the report shall provide written notice to the person involved. The notice shall inform the person that a report will be used, and shall identify the specific basis under subdivision (a) of Section 1024.5 of the Labor Code for use of the report. The notice shall also inform the person of the source of the report, and shall contain a box that the person may check off to receive a copy of the credit report. If the consumer indicates that he or she wishes to receive a copy of the report, the user shall request that a copy be provided to the person when the user requests its copy from the credit reporting agency. The report to the user and to the subject person shall be provided contemporaneously and at no charge to the subject person.

(b) Whenever employment involving a consumer is denied either wholly or partly because of information contained in a consumer credit report from a consumer credit reporting agency, the user of the consumer credit report shall so advise the consumer against whom the adverse action has been taken and supply the name and address or addresses of the consumer credit reporting agency making the report. No person shall be held liable for any violation of this section if he or she shows by a preponderance of the evidence that, at the time of the alleged violation, he or she maintained reasonable procedures to assure compliance with this section.

1785.21. (a) A user in its discretion may notify the consumer that upon request the user may contact the consumer reporting agency and request that the consumer reporting agency investigate the current status of an item or items of information contained in the consumer report if the consumer disputes the completeness or accuracy of an item or items of information as provided to the user.

(b) The consumer credit reporting agency may require identification from the user to insure the validity of the request and, in that regard, may require that the request be put in writing with proper identification.

(c) In the event that any such request is made and identification given in the form or manner demanded by the consumer credit reporting agency, such agency shall review the file of the consumer and report the current status of the disputed information to the user and the consumer by the most expeditious means possible.

(d) No user who furnishes information pursuant to this section shall be liable to any person for furnishing such information.

1785.22. (a) A person may not procure a consumer credit report for the purpose of reselling the report or any information therein unless the person discloses to the consumer credit reporting agency which issues the report the identity of the ultimate end user and each permissible purpose for which the report is furnished to the end user of the consumer credit report or information therein.

(b) A person that procures a consumer credit report for the purpose of reselling the report or any information therein shall do all of the following:

(1) Establish and comply with reasonable procedures designed to ensure that the consumer credit report or information is resold by the person only for a purpose for which the report may be furnished under this title. These procedures shall include all of the following:

(A) Identification of each prospective user of the resold consumer credit report or information.

(B) Certification of each purpose for which the consumer credit report or information will be used.

(C) Certification that the consumer credit report or information will be used for no other purpose.

(2) Before reselling the consumer credit report or information, the person shall make reasonable efforts to verify the identities and certifications made under paragraph (1).



All furnishers subject to the Federal Trade Commission's jurisdiction must comply with all applicable regulations, including regulations promulgated after this notice was prescribed in 2004. Information about applicable regulations currently in effect can be found at the Commission's Web site, www.ftc.gov/credit. Furnishers who are not subject to the Commission's jurisdiction should consult with their regulators to find any relevant regulations.

NOTICE TO FURNISHERS OF INFORMATION: OBLIGATIONS OF FURNISHERS UNDER THE FCRA

The federal Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681-1681y, imposes responsibilities on all persons who furnish information to consumer reporting agencies (CRAs). These responsibilities are found in Section 623 of the FCRA, 15 U.S.C. 1681s-2. State law may impose additional requirements on furnishers. All furnishers of information to CRAs should become familiar with the applicable laws and may want to consult with their counsel to ensure that they are in compliance. The text of the FCRA is set forth in full at the Web- site of the Federal Trade Commission (FTC): www.ftc.gov/credit. A list of the sections of the FCRA cross referenced to the U.S. Code is at the end of this document.

Section 623 imposes the following duties upon furnishers:

ACCURACY GUIDELINES

The banking and credit union regulators and the FTC will promulgate guidelines and regulations dealing with the accuracy of information provided to CRAs by furnishers. The regulations and guidelines issued by the FTC will be available at www.ftc.gov/credit when they are issued. Section 623(e).

GENERAL PROHIBITION ON REPORTING INACCURATE INFORMATION

The FCRA prohibits information furnishers from providing information to a CRA that they know or have reasonable cause to believe is inaccurate. However, the furnisher is not subject to this general prohibition if it clearly and conspicuously specifies an address to which consumers may write to notify the furnisher that certain information is inaccurate. Sections 623(a)(1)(A) and (a)(1)(C).

DUTY TO CORRECT AND UPDATE INFORMATION

If at any time a person who regularly and in the ordinary course of business furnishes information to one or more CRAs determines that the information provided is not complete or accurate, the furnisher must promptly provide complete and accurate information to the CRA. In addition, the furnisher must notify all CRAs that received the information of any corrections, and must thereafter report only the complete and accurate information. Section 623(a)(2).

DUTIES AFTER NOTICE OF DISPUTE FROM CONSUMER

If a consumer notifies a furnisher, at an address specified for the furnisher for such notices, that specific information is inaccurate, and the information is, in fact, inaccurate, the furnisher must thereafter report the correct information to CRAs. Section 623(a)(1)(B).

If a consumer notifies a furnisher that the consumer disputes the completeness or accuracy of any information reported by the furnisher, the furnisher may not subsequently report that information to a CRA without providing notice of the dispute. Section 623(a)(3).

The federal banking and credit union regulators and the FTC will issue regulations that will identify when an information furnisher must investigate a dispute made directly to the furnisher by a consumer. Once these regulations are issued, furnishers must comply with them and complete an investigation within 30 days (or 45 days, if the consumer later provides relevant additional information) unless the dispute is frivolous or irrelevant or comes from a "credit repair organization." The FTC regulations will be available at www.ftc.gov/credit. Section 623(a)(8).

DUTIES AFTER NOTICE OF DISPUTE FROM CONSUMER REPORTING AGENCY

If a CRA notifies a furnisher that a consumer disputes the completeness or accuracy of information provided by the furnisher, the furnisher has a duty to follow certain procedures. The furnisher must:

1. Conduct an investigation and review all relevant information provided by the CRA, including information given to the CRA by the consumer. Sections 623(b)(1)(A) and (b)(1)(B).
2. Report the results to the CRA that referred the dispute, and, if the investigation establishes that the information was, in fact, incomplete or inaccurate, report the results to all CRAs to which the furnisher provided the information that compile and maintain files on a nationwide basis. Section 623(b)(1)(C) and (b)(1)(D)
3. Complete the above steps within 30 days from the date the CRA receives the dispute (or 45 days, if the consumer later provides relevant additional information to the CRA). Section 623(b)(2).
4. Promptly modify or delete the information, or block its reporting. Section 623(b)(1)(E).

DUTY TO REPORT VOLUNTARY CLOSING OF CREDIT ACCOUNTS

If a consumer voluntarily closes a credit account, any person who regularly and in the ordinary course of business furnishes information to one or more CRAs must report this fact when it provides information to CRAs for the time period in which the account was closed. Section 623(a)(4).

DUTY TO REPORT DATES OF DELINQUENCIES

If a furnisher reports information concerning a delinquent account placed for collection, charged to profit or loss, or subject to any similar action, the furnisher must, within 90 days after reporting the information, provide the CRA with the month and the year of the commencement of the delinquency that immediately preceded the action, so that the agency will know how long to keep the information in the consumer's file. Section 623(a)(5).



Any person, such as a debt collector, that has acquired or is responsible for collecting delinquent accounts and that reports information to CRAs may comply with the requirements of Section 623(a)(5) (until there is a consumer dispute) by reporting the same delinquency date previously reported by the creditor. If the creditor did not report this date, they may comply with the FCRA by establishing reasonable procedures to obtain and report delinquency dates, or, if a delinquency date cannot be reasonably obtained, by following reasonable procedures to ensure that the date reported precedes the date when the account was placed for collection, charged to profit or loss, or subjected to any similar action. Section 623(a)(5).

DUTIES OF FINANCIAL INSTITUTIONS WHEN REPORTING NEGATIVE INFORMATION

Financial institutions that furnish information to "nationwide" consumer reporting agencies, as defined in Section 603(p), must notify consumers in writing if they may furnish or have furnished negative information to a CRA. Section 623(a)(7). The Federal Reserve Board has prescribed model disclosures, 12 CFR Part 222, App. B.

DUTIES WHEN FURNISHING MEDICAL INFORMATION

A furnisher whose primary business is providing medical services, products, or devices (and such furnisher's agents or assignees) is a medical information furnisher for the purposes of the FCRA and must notify all CRAs to which it reports of this fact. Section 623(a)(9). This notice will enable CRAs to comply with their duties under Section 604(g) when reporting medical information.

DUTIES WHEN ID THEFT OCCURS

All furnishers must have in place reasonable procedures to respond to notifications from CRAs that information furnished is the result of identity theft, and to prevent refurnishing the information in the future. A furnisher may not furnish information that a consumer has identified as resulting from identity theft unless the furnisher subsequently knows or is informed by the consumer that the information is correct. Section 623(a)(6). If a furnisher learns that it has furnished inaccurate information due to identity theft, it must notify each consumer reporting agency of the correct information and must thereafter report only complete and accurate information. Section 623(a)(2). When any furnisher of information is notified pursuant to the procedures set forth in Section 605B that a debt has resulted from identity theft, the furnisher may not sell, transfer, or place for collection the debt except in certain limited circumstances. Section 615(f).

The FTC's Web site, www.ftc.gov/credit, has more information about the FCRA, including publications for businesses and the full text of the FCRA.



EXHIBIT C

TECHNICAL INTEGRATOR

1. "Technical Integrator" means any third party designated by Customer that has physical, logical or network access to Inquiry Data, Response Data, and any other Early Warning data transmitted between any of these parties or the systems that house any such data. For the avoidance of doubt, a third party shall be considered a Technical Integrator if it receives and transmits a response comprised in whole, or in part, of Response Data.
2. "TI Customer" means, as applicable, and for purposes of the requirements of this Exhibit, a Customer, that wants to use, and designate for use, a Technical Integrator for the transmitting of Customer Data, the transmitting of Inquiry/Inquiry Data and the receiving of Response Data in response to an Inquiry.
3. TI Customer shall enter into a written agreement with their Technical Integrator that satisfies the requirements of this Exhibit.
4. TI Customer shall perform annually, due diligence and review of Technical Integrator's information security related documentation, conduct a risk assessment of its information security related controls, identify findings and weaknesses in such controls, and document a remediation plan, as necessary.
5. Upon a reasonable suspicion of Technical Integrator's non-compliance with the requirements of the Exhibit or applicable law, Early Warning will have the right to audit Technical Integrator, which may be performed jointly with that TI Customer.
6. At Early Warning's request, TI Customer will provide its agreement with Technical Integrator (redacted as necessary) to Early Warning for Early Warning's review to ensure compliance with the requirements of the Exhibit.
7. TI Customer shall be responsible for the Technical Integrator's acts and omissions in connection with the requirements of 13 (a), (b) and (c) below.
8. TI Customer acknowledges and agrees that Early Warning shall not be liable for any errors committed by the Technical Integrator in the transmission of Inquiry and Response Data and/or the failure to transmit such Data.
9. If a TI Customer has an existing agreement with its Technical Integrator that does not satisfy the requirements of this Exhibit, then TI Customer shall amend its agreement, as appropriate, with the Technical Integrator prior to the use of that Technical Integrator for the transmission of Inquiry or Response Data.
10. TI Customer will notify Early Warning in writing of any termination, replacement or other change to its designated Technical Integrator as soon as reasonably practicable.
11. TI Customer acknowledges and agrees that Early Warning currently requires its own agreement with that Technical Integrator designated by the TI Customer. Furthermore, TI Customer acknowledges and agrees that the Technical Integrator will be subject to Early Warning's vetting and risk assessment. TI Customer acknowledges that if in the future Early Warning does not require its own agreement with that Technical Integrator, Early Warning still hereby reserves the right, in its absolute discretion, to later require an agreement between Early Warning and the Technical Integrator, and TI Customer shall cooperate with Early Warning to facilitate such an agreement.
12. TI Customer acknowledges that the requirements set forth in Section 13 below may be modified from time to time by Early Warning to address regulatory guidance and/or information security requirements.
13. TI Customer shall ensure that all of the provisions set forth below are placed within the agreement with its Technical Integrator:
Technical Integrator shall (a) maintain an information security program that meets the requirements of the Service Agreement; (b) impose upon the Technical Integrator confidentiality provisions no less restrictive than the confidentiality provisions of the Service Agreement; (c) require that the Technical Integrator (i) not transmit Response Data received in response to an Inquiry to any party other than in response to an Inquiry initiated by that specific TI Customer (ii) not merge, aggregate or compile Response Data into any other database for use in connection with future Inquiries.